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NEWS SUMMARY

GENERAL

U.S. and Iran approve inquiry

The United Nations commission to investigate allegations against the deposed Shah of Iran was approved yesterday.

The setting-up of the commission is a key element in the package under negotiation for the release of the 50 U.S. hostages in Tehran.

The UN said Iran and the U.S. had agreed on the composition of the five-member commission.

The U.S. shelved plans to send lawyers to the International Court of Justice in the Hague to argue its case against the detention of the hostages, according to unconfirmed reports. Back Page

Fight for life

Surgeons at Harefield Hospital, West London, were fighting to save the life of Britain's first woman heart transplant patient, 46-year-old Dorothy Hayward, from Dorset. Complications set in two hours after the operation.

Petrol price rise

Shell and Esso are putting up the wholesale price of petrol today and other major oil companies are expected to follow suit. Shell's price has risen by 3.5p a gallon, and Esso's by 2.6p. Back Page

Family held

A gunman robbed the Chingford, Essex, branch of the Halifax Building Society of £11,000 after holding the manager and his family hostage at their home over the weekend.

Aground again

The Athina B cargo ship ran aground one day after being towed off a Brighton beach where she had been stranded for four weeks.

New Polish PM

The Polish Parliament appointed Edward Babiuch, 52, as the country's new Premier. Page 3

Atrocities trial

The trial began in the Central African Republic of 34 people, including a former Prime Minister, charged in connection with atrocities committed during the rule of deposed Emperor Jean-Bedel Bokassa.

Win for Bush

Former Central Intelligence Agency chief George Bush won Puerto Rico's Republican primary, the first in this year's U.S. presidential election campaign.

Talks resume

The limited constitutional conference on Northern Ireland resumed, and was apparently unaffected by Irish Premier Charles Haughey's appeal at the weekend for Britain to work towards the country's reunification. Page 6

Whitelaw warning

The planned fourth television channel might be scrapped unless it proves quickly that it can pay its way, Home Secretary William Whitelaw warned the Commons. Page 9

Sing sing

Six convicts escaped from a Manila jail while other prisoners sang loudly to cover the noise of the sawing of bars.

Briefly . . .

Two people were killed and 20 injured in a 200-car and lorry pile-up on the fog-bound Paris to Normandy motorway.

Venice relaunched its carnival for the first time since the 18th century.

Robin Cousins of Britain was placed third in the first stage of the men's figure skating event at the Winter Olympics at Lake Placid, U.S.

BUSINESS

Gold up by $4; Sugar tumbles

● GOLD rose $4 to close at $662.5 in very quiet London trading.

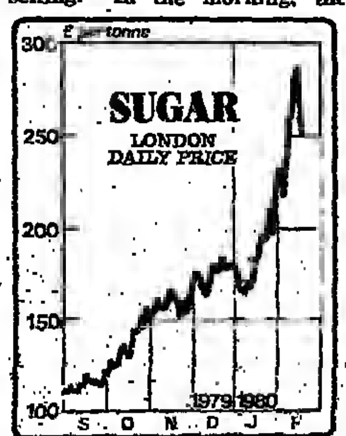
● STERLING traded within a very narrow range several financial centres were closed for public holidays, and the quiet trading saw the pound close at $2.2965, a rise of 10 points on the day. Its trade-weighted index fell to 72.9 (73.0). DOLLAR also moved within a narrow range and its index rose to 85.5 (85.3).

● EQUITIES trading levelled out after Friday's marked downturn, and the FT 30-share index closed with a marginal rise of 0.4 at 463.0.

● GILTS business was also low-key, and the Government Securities index closed 0.22 down at 65.80.

● WALL STREET was closed on Washington's birthday.

● SUGAR prices tumbled on the London terminal market following heavy speculative selling. In the morning, the



London daily price for raw sugar was cut by £11 to £250 a tonne—£37 below the five-year peak reached [illegible] Page 33

● NATIO[illegible] Board [illegible] for the [illegible] Ferranti, Bro[illegible] Kent and Fairey [illegible] this year. Back and Parliament, Page 9

● BP has agreed to buy a 50 per cent stake in a low grade 1.6bn tonne coal deposit in Queensland. Back Page

● HUNGARY is to raise a $250m Eurocredit through a U.S. bank. Back Page

● JAPAN'S January current account deficit was the worst in its history of $3.24bn. But seasonally adjusted, the figure gives grounds for optimism. Back Page

● UK/U.S. DOUBLE TAX treaty has been ratified by the Commons. Page 9

● BANK OF ENGLAND proposals for limiting foreign exchange exposure have been circulated to banks. The proposals are not rigid, though banks are asked to keep within proposed limits during the consultative period. Page 6

● PRUDENTIAL Assurance v. Newman Industries and others: The board of Newman were led to accept an "excessive" valuation of a proposed purchase by "trickery and deceit," Mr. Justice Vinelott said in the start of his written judgment. Page 25

● ROYAL BANK of Scotland is handing over investment and management responsibility of its two unit trusts to Henderson Administration. Page 6

COMPANIES

● GESTETNER Holdings sales were higher in November and December, but margins remained under pressure and profits were lower, the chairman said, reviewing prospects for 1979-80. Page 25

● NOTTINGHAM Manufacturing Company's second-half profits edged ahead from £10.45m to £10.79m. The pre-tax surplus to December 31, 1979 was up £1.43m at £16.84m. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Aquascutum A	37	+ 2½	Alcan Aluminium	95	— 5
Bowring (C. T.)	137	+ 4	Assoc. Engineering	68½	— 3½
Debenhams	83	+ 4	British Aluminium	243	— 7
GEC	381	+ 6	British Vita	170	— 6
ICI	400	+ 12	Cawoods	178	— 6
Jones (Ernest)	198	+ 6	Dixor-Strand	20	— 4
Land Securities	295	+ 5	Metal Box	248	— 6
Lennons	39	+ 2	Meyer (Mont'g. L.)	94	— 4
Nttngham M'f'cturing	85	+ 6	Vickers	126	— 4
Racal Elec.	215	+ 8	Cliff Oil	380	— 25
Rea Brothers	85	+ 7	Conzinc Riotinto	322	— 13
Stag Line	166	+ 16	Otter Exploration	125	— 18
Wearra	41½	+ 3	Samantha Explortn.	145	— 15
Burmah Oil	212	+ 10	Southn. Pacific Pet.	875	— 50
Caledonian Offshore	310	+ 170			
Castlefield (Klang)	550	+ 27			
Magnet Metals	59	+ 16½			
Monarch Petroleum	39	+ 7			
West Rand Cons.	380	+ 23			

Ministers act to spell out criminal law on picketing

BY RICHARD EVANS AND CHRISTIAN TYLER

The criminal law on picketing is to be spelt out in detail by the Government today following the recent scenes of violence at Hadfields, the private Sheffield steel company.

This surprise move, which will come on the eve of expected heavy picketing to-morrow at the Kent plant of Sheerness Steel, illustrates the anxiety among Ministers at the growing industrial unrest sparked off by the steel strike, and the feeling that the present law is perhaps not being operated as effectively as it could be.

Mr. James Prior, Employment Secretary, may contact the TUC shortly to ask Mr. Len Murray, the general secretary, to stop the mass picketing and reconfirm the TUC's own guidelines, drafted in the last weeks of the Labour Government, to unions.

Ministers are determined to ensure that both pickets and the general public should be made fully aware of the law covering intimidation and violence on the picket line.

An additional motive for today's statement, to be made in the Commons by Sir Michael Havers, is thought to be the need to unify police action throughout the country. At present there is a notable difference in the attitude of chief constables towards picketing.

The need for the law to be enforced was underlined at the weekend by Lord Hailsham, the Lord Chancellor, in a forceful speech to the Young Conservatives' conference at Scarborough.

He warned that the "appalling scenes" at Hadfields were in his view breaches of the criminal law.

The theme was taken up at a meeting of senior Ministers at 10 Downing Street yesterday when it was decided that Sir Michael should make his statement.

The Attorney General's statement does not affect either the Employment Bill now before Parliament, which covers the civil law regarding picketing, or the consultative document Mr. Prior is due to publish today. This will also be concerned with civil remedies against secondary industrial action.

Mr. Prior's formula is based on the concept of continuing legal protection for strikes against, or blacking of, "first customers and first suppliers," but not for action further removed from the main dispute.

In seeking to define what "first" means, the consultative paper is expected to say that any company which depends substantially on orders from a company in dispute could legitimately become the target of trade unionists involved in that dispute.

It is possible but unlikely that the extent of the contractural relationship will be precisely defined. So unions may not easily be able to see whether their extension of a dispute is legal or not.

In a case like the steel dispute, a situation could well arise where private companies which buy large quantities of raw steel from the British Steel Corporation would be legitimate targets. Others which make their own iron and steel would be able to sue their own striking workers for damages.

Although the formula will be presented by Mr. Prior and his supporters as a tactical victory over the hawks in the Conservative Party, it is unlikely to get the reluctance aquiescence form the TUC that Mr. Prior has made the principle justification of his cautious approach.

Pressure for steel finance shake-up

By Roy Hodson and Christian Tyler

MINISTERS who have been advocating a hard Government line over the steel strike are coming under growing pressure to carry out a financial reconstruction of the British Steel Corporation earlier than planned

This would ease the financial constraints on the corporation, paving the way to a settlement of the seven-week pay strike and making it possible to avert the looming threat of widespread industrial action against further steel works closures.

A financial reconstruction would involve the writing-off by the Government of all or part of the corporation's accumulated debt. During the last five years British Steel has lost nearly £1.2bn and is having to find some £250m a year in interest and depreciation charges.

Some steelmaking plant which has not yet been fully depreciated in the books is unlikely ever to work again if British Steel forces through its retrenchment plans for a smaller industry of only 15m tonnes a year liquid steel-making capacity.

Until now, Sir Keith Joseph, Industry Secretary, has insisted that the BSC must settle the strike and reach break-even point before such a reconstruction can be contemplated.

But even within Sir Keith's own Department of Industry, there is a split. Some civil servants feel that the political and social consequences of the present policy are too serious to be tolerable.

Some Ministers, increasingly alarmed by lack of progress, are now not ruling out the possibility of Government intervention. One said last night: "We cannot go on much longer as we are."

British Steel has been making tentative inquiries in Whitehall to discover whether new money might be made available to enable the corporation to improve its pay offer. So far all such feelers have been rebuffed.

The last formal contact between the corporation and the Government over funds available for a settlement was on February 5. Sir Keith Joseph told Sir Charles Villiers, the BSC chairman, then that the Government was holding to its position that there would be no funds available to cover revenue losses.

He added: "You must solve your problem by the best means you may."

Mr. Robert Scholey, BSC

Continued on Back Page
Steel strike, Page 8

EEC fibre quotas anger UK industry

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S textile industry last night criticised as totally inadequate the quota package announced in Brussels by the EEC Commission in response to UK demands for action to curb imports of low-priced U.S. fibres.

The commission has agreed to authorise quota restraints on two of the three products cited in a British application last week — polyester filament and nylon carpet yarn—but has set quotas much higher than the industry was expecting.

The case for quotas on a third product, man-made fibre carpets, was rejected.

The quotas will cover all countries except those with which the EEC has preferential arrangements or textile bilateral agreements. In effect, the quotas will apply mainly to the U.S., Canada and Japan.

Mr. Lennard Regan, president of the British Textile Confederation, described the Commission's decision as bitterly disappointing and warned that damage to important parts of the UK textile industry would continue. The market share which the U.S. textite industry had won as a result of the artificially low price of its oil-based raw materials would be allowed to grow still further.

The actual quota levels set by the commission, under Article 19 of the General Agreement on Tariffs and Trade multi-fibre arrangement, are 7,500 tonnes for nylon carpet yarn and 9,100 tonnes for polyester filament.

The Department of Trade claimed last night that in the case of carpet yarn, this was lower than the annual rate at which imports were running in the final quarter of 1979.

In 1979 imports from the U.S. and other countries now affected by quota had already obtained 21 per cent of the UK market.

The polyester filament quota is set at the average volume for the last two years during which the U.S. pushed its UK market share from 7 per cent to almost 26 per cent. This would also result in continuing disruption of the UK market, Mr. Regan said.

Despite the industry's criticism the Government indicated yesterday that the restraints were probably as tough as could be expected, and certainly much tougher than seemed possible six months ago when Britain started pressing its case with the commission.

In the Commons yesterday Mr. John Nott, Secretary for Trade, stresed Britain's position as a major exporter of manufactured products including textiles, and the danger of provoking a trade war with the U.S.

U.S. envoy aims to avert trade war threat

BY GILES MERRITT IN BRUSSELS

THE QUOTA announcement came only hours before the arrival in Brussels of Mr. Reuben Askew, the U.S. special trade representative, for top level talks with the EEC Commission aimed at defusing Trans-atlantic trade problems ranging from man-made fibres to steel.

Although the commission's decision grants the UK protection on only two of the three fibre categories requested, the U.S.-EEC talks take place against a background of imminent curbs on U.S. polyester fibres from Italy.

The Italian Government has set legal machinery in motion that enables it to impose quotas on the U.S. fibres at any moment.

Mr. Askew and his team of five senior U.S. officials are likely to be concerned that Italy's moves could unleash fresh demands by France and West Germany for similar protection against U.S. fibres

President Jimmy Carter and Mr. Roy Jenkins, the EEC Commission president, after consultations in Washington in late January underlined the danger that protectionist measures against U.S. fibres together with similar moves against EEC steel by U.S. steelmakers, who are preparing a spate of anti-dumping suits, could spark an Atlantic trade war.

Such a development would jeopardise the trade liberalisation gains of the recently concluded GATT Tokyo round multilateral package.

Both the EEC Commission and U.S. officials are emphasising however that Mr. Askew's discussions in Brussels should not be seen as formal negotiations.

In part that is because neither Washington nor Brussels wishes to recognise a link between the synthetic fibres and steel disputes.

French defy calls to lift ban on British lamb

BY MARGARET VAN HATTEM IN BRUSSELS

FRANCE yesterday once again defied the European Commission, the European Court of Justice and the British Government by refusing to lift its illegal restrictions on British lamb imports.

Mr. Peter Walker, the British Agriculture Minister, said the commission was left with no option but to seek an interim injunction against the French Government from the court this week.

If the commission failed to act, he added, it would have failed in its duty as guardian of the Treaty of Rome.

Mr. Walker was speaking at the end of a meeting of EEC Farm Ministers in Brussels, following failure by the Dutch Government to find a compromise solution in the Anglo-French wrangle.

M. Pierre Mehaignerie, the French Minister, replied belatedly to a legal submission from the commission, by saying France would comply with last September's court ruling against the lamb curbs only when the Community agreed to support high French lamb prices with intervention buying.

This, said Mr. Walker, was out of the question even as an interim measure pending agreement of a Common Market policy for lamb. If the French Government wished to support its domestic lamb price it would have to bear the cost itself.

Mr. Finn Olav Gundelach, the Farm Commissioner, did not amplify his statement of last week that the Commission intended to seek an interim injunction from the court. And although the two French Commissioners are expected to argue against the injunction, the commission will be hard put to find reasons not to act.

Earlier the Ministers discussed the Commission's 1980-1981 farm price review which proposes an average price rise of 2.4 per cent linked to a package of measures aimed at preventing further growth in the EEC's notorious food mountains.

M. Mehaignerie would like prices to rise by 7-8 per cent and considers the reform proposals need reshaping so as not to damage French farmers' interests.

The Belgians, Irish and Danish would like high price rises and reforms which do not touch their own farmers, while the Dutch and Germans have little to say other than that they would like an early settlement—one point on which they are certain to be disappointed.

John Wyles writes from Rome: There will be no early EEC summit aimed at settling Britain's demands for a major reduction in its expected net contribution of £1.2bn to the Community's budget this year.

Dunbee U.S. deals collapse

BY ARNOLD KRANSDORFF

SHARES OF Dunbee-Combex-Marx, the troubled UK-based toy manufacturer with annual sales of around £125m, were suspended at 22p yesterday at the request of the directors, who said they expected to make an announcement later today.

Although no other details were made available, it emerged yesterday that two proposed deals to extricate the group from direct involvement in its loss-making activities in the U.S. had fallen through.

While Dunbee's U.S. assets amount to around $98m (£42.6m), its liabilities are roughly $110m, and the company's creditors have filed a petition under Chapter 11 of the Federal Bankruptcy Act to preserve their rights.

Under the procedure, Dunbee is not automatically liable for the debts of its U.S. subsidiary, Louis Marx and Company, unless there have been explicit parent company guarantees.

It is understood, however, that the parent company has committed itself to back some of these debts, although the extent of any liability is not yet known.

Dunbee directors, who spent yesterday in meetings, were unavailable for comment. Their merchant bankers, Charterhouse Japhet, said that they had held serious discussions with the company throughout last week.

Earlier this month Empire of Carolina, one of two U.S.-quoted toy companies which had been negotiating to buy Louis Marx's assets, said it was renegotiating the terms of the acquisition.

Mr. Mason Benson, Empire's president and chief executive officer, said yesterday that there was no possibility of a deal once the Chapter 11 petition had been lodged. "We have no deal with Louis Marx. Everything is in the hands of the courts. The creditors now have all the power."

Dunbee's other deal was with Leisure Dynamics of Minneapolis. Mr. James Leidich, the company's executive vice-president, said yesterday that a decision to discontinue negotiating the acquisition of Dunbee's Aurora product range in the U.S., including the AFX road racing system, had been made about five days ago.

"It was very important that we got a deal before the New

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Wage curb protests begin in Netherlands

By Charles Batchelor in Amsterdam

THE NETHERLANDS' largest trade union federation, the 1.1m member FNV, has begun a series of work stoppages and protest actions to express its opposition to government efforts to control wages. Protests were begun at five companies in the Rotterdam area yesterday and will involve more companies later this week.

They coincided with the presentation by the Government of a Bill allowing it to impose limits oo wages this year if unions and employers are unable to agree "acceptable" increases. The Bill would also allow the Government to extend its complete ban on wage rises for a further month, until April 12.

Tha Cabinat meanwbile was attempting yesterday to agree the size of a package of spending cuts. It bas been divided on their extent for the past two weeks with Dr. Willem Albeda, Social Affairs Minister, In favour of Fl 2bn (£450m) worth of cuts and Mr. Frans Andriessen, Finance Minister, wanting to save twice as mnch.

The Government is faced with reducing the growth of private and public spending by about Fl 7bn (£1.6bn).

Roger Boyes in Bonn examines criticisms of government support for research and development

'Papierkrieg' blamed for hindering new products

"PAPIERKRIEG," tbe war of attrition against red tape, is a term which figures frequently in the plaintive cries of West German businessmen trying to win research support from Bonn's Tecbnology Ministry.

Groans about the massed battalions of obstructive officialdom are of course part of the everyday intercourse between Commerce and Government. But specific dissatisfaction with Bonn's research and development (R & D) policies atrikc at the very core of the German economy, for tecbnological innovation is one of the main engines of German growth.

Indeed in the view of Research Ministry officials innovation will be the decisive factor in determining the country's export competitiveness in the in the 1980s and 1990s. As the Deutsche mark becomes stronger against the dollar and the yeo, so German manufacturers will increasingly need a technical edge to compensate for eroded price-competitiveness in overseas markets.

By most measures, however, West Germany spends considerably less than the U.S. or Japan on Government aid for industrial researcb, although it is ahead of the rest of Europe. Some businessmen also claim that tbe Government seems to favour larger concerns wbich can well afford to finance their own R & D. On top of this, they maintain that the vast amount of bureaucracy slows down technical innovation and often acares off small businesses which may be applying for relatively modest grants.

The criticisms seem to derive from two conflicting philosopbies. One is that the Government is spending too much money on too narrow a range of products and is thns undermining the "free" market economy. Thus, the argument runs, large concerns are made more competitive and the innovative spirit is crusbed out of tbe amaller companies.

The other view is that the Governmeot is spending too little and too late—that research areas like solar energy are only "discovered" in the middle of an oil crisia and not decades before.

West German Research Ministry officials, while admitting that the country is some way from the strong research lead it enjoyed before tha Second World War, say that the naked facts give the lie to both views. Over DM 6bn is devoted to industrial R & D, and an increasing proportion of this is given to small- and medium-sized enterprises. State resources allocated to large enterprises, according to Government statistics, rose by 9.6 per cent between 1977 and 1978, while funds for smaller busineasea rose by 30 per cent

The Government also makes investment grants available to amall companies as well as special allowances for personnel engaged in R & D. But indnstrial pressure groups, such as the Federation of Young Entrepreneurs (BJU), maintain that the proportion of fuods allocated to modestly-sized companies is still far too low given the export potential of smaller concerns and their ability to introduce new processes.

RESEARCH AND DEVELOPMENT EXPENDITURE, 1978

U.S.	DM 89bn
West Germany	DM 24bn
France	DM 15bn
Britain	DM 11bn
Netherlands	DM 5bn
Italy	DM 417m

Source: Institute for the German Economy, Cologne

The reason, according to the Federation, rests with the cumbersome bureaucracy of the Ministry. Entrepreneurs who could put their product on the market in two years often have to wait for four years because of the various committees which have to investigate claims for Government balp.

Naturally the delay leads to added expense and encourages the notion that it is cbeaper to go ahead without State aid. This destroys the main advantage of amaller companies—their flexibility to changing demand and the ability to capltalise on new ideas.

Ironically, attempts to reduce paperwork can backfire on small businessmen—tha very people who want improved access to research grants. The crude facts are that it is easier to administer a single research project wortb DM 30m with a large concern that already has an R & D infrastructure, than to monitor 150 projects for 200,000. This then has bad a aelf-serving effect—larger companies become skilled at applying for befty research sums while other companies are deterred.

According to a budget specialist in tbe Opposition Christian Democrat Party, Herr Lutz Stavenhagen, this causes deep-rooted structural imbalances in Bonn'a R & D, "Companies tend to settle for projects which they know will be approved today by the bureaucrats, ratber than what the market will actually want tomorrow. Tens of thousands of concerns are involved in technical innovation, but only a few hundred receive research funds because they know bow to get access to the state coffers."

Althongh officials acknowledge that there may be too much bureaucracy, they stress that criticism of Bonn's R & D policies is exaggerated. The Government'a research aid to industry can only ever be a fraction of the sum actually spent by industry—Bonn'a role is more to act as a pointer to the sort of areas tbat it would like to see developed: Over 60 per cent of Germany's total R & D is carried out by business enterprises themselves who also. to a large degree, provide the finance.

The Government's priorities emerge quite clearly from a breakdown of R & D support set aside for modernising industry.

RELATIVE INCREASE IN R & D SPENDING, 1971-78

Italy	15 per cent
France	14 per cent
U.S.	6.6 per cent
West Germany	5.4 per cent

Source: Institute for the German Economy, Cologne

In 1978, for example. DM 1.76bn was allocated for energy and raw materials support, the focus being on research into alternative sources of energy and coal-into-gas processes. This is followed, in the priority ranking, by space and aircraft technology, which merited a DM 554m allocation, and DM 310m for data processing.

These sums are of course very small compared with the real needs of the respective industries. Thus the Governmant R & D support for telecommunications and electronics was DM 149.6m, but Siemans, the leading German electronics company, spent some DM 2.3bn ou R & D in 1977-78, almost all of it aelf-financed.

The Research and Technology Ministry does not have the power or the resources to initiate a massive plunge into e neglected sector. Bonn would for exampla dearly like to become a major power in the micro-electronics field, but it does not have the resources to create a U.S.-style "Sillcon Valley."

But within the limitations of its resources, the Ministry under Dr. Volker Hauff has been trying to achieve a balanced strategy. While the BJU and Christian Democrat politicians may complain that the state is interfering too heavily in industrial R & D, the Ministry has recognised that research aid, for example to the aerospace indnstry, has significantly increased its leverage in vulnerable areas.

At the same time, the Ministry has to appease tha small businesses which employ some 60 per cent of the total German workforce. Tha BJU's vlew is that an increasing use of indirect R & D support through tax advantages would attract a greater number of smaller and medium-sized concerns.

The Ministry is not unsympathetic to this idea and it would certainly ease the paperwork strain of examining applications for apecific grants. But the problem has two dimensions.

On one level the Ministry has to maintain its involvement in backing industrial R & D (at the risk of brickbats from those who complain of subsidised competition) whila reassuring small businesses that State federal backing for research is not necessarily a bad or inefficient option.

Italy ruling party tries to defuse Communist issue

By Rupert Cornwell in Rome

WITH THEIR national congress now three days old, Italy'a Christian Democrats last night were searching frantically for agreement on what policy to adopt towards the Communist party, who should be the next party secretary and, for a time, even how that secretary should be chosen.

By yesterday afternoon, an interminable series of caucuses and back-stage negotiations, both within factions and among different faction leaders, had failed to throw up any generally acceptable solutions.

On past form e compromise, however watered down, will be found by the time the congress ends, probably tomorrow. But at this stage firm predictions are impossible.

What has been atriking—and perhaps the strongest common thread througb tha raucous behaviour of delegates from all corners of the Christian Democrat empire—bas been the depth of populist feeling against any real accommodation with the Communists.

Just what relationship the Christian Democrats sbould have with the Communists is the central issue of the congress, as indeed it is of Italy'a national politics. It is also the key to hopes of securing lasting reforms needed to tackle the country'a economic and social problems.

Sig. Benigno Zaccagnini, the nutgoing secretary, in his opening address made an apparent step towards the Communist demand for entry into government hy declaring that this was no longer to be ruled out on principle. But he then erected so strong a series of econnmic and, particularly, foreign policy conditions as to render it impossible for the foreseeable future.

But even this gesture proved too much for the right, and much of the centre of the party. Quite apart from the predictable opposition of Sig. Amintore Fanfani, the former Prime Minister and diehard anti-Communist, many more moderate elements felt that Sig. Zaccagnini had gone too far.

The loudest applause has consistently been for Communist-bashers: notably on Saturday for Herr Helmut Kohl, president of the West German Christian Democrats.

He declared that it was "unimaginable" that Christian Democrats could govern alongside a party of the same ideological origin as "the invaders of Afghanistan and the oppressors of Eastern Europe." A tough speech yesterday by Sig. Antonio Bisaglia, the Industry Minister, also won loud approval.

The search is now for a formula, and a figure, to reconcile the line of cautious overture to the Communist party espoused by Sig. Zaccagninl and by Sig. Giulio Andreotti, the former Prime Minister, and the right.

The two most likely candidates—after Prima Minister Francesco Cossiga, widely tipped previously aa a possible compromise candidate, ruled himself out on Sunday—remain Sig. Flaminio Piccoli, the party president, and Sig. Arnaldo Forlani, the former Foreign Minister.

Sig. Forlani, who at the last occasion was narrowly beaten by Sig. Zaccagnini for the secretaryship, yesterday made a carefully balanced pitch for the middle ground.

Mobil will compensate fire victims

By Fay Gjester in Oslo

THE MOBIL oil company has agreed to pay compensation totalling nearly NKr 550,000 (£50,000) to the dependents of three men who died in a fire on a North Sea platform in the Statfjord Field about two years ago.

The three were trada union members and tha compensation claim was made by Norway'a trade union congress on bebalf of their dependents. Mr. Karl Nandrup Dahl, the union lawyer, said the settlement would set a precedent for damages in future North Sea accidents involving members of unions affiliated to the congress.

Mobil originally disclaimed responsibility for compensation, arguing that the victims were employed by a sub-contractor. But Norway's working environment ...ootsakes the chief contract... these work site ultimately responsi...sation safety. Mobil is operator ...il now o...jord. ...hiefly.

Mr. Nandrup Dahl said Mobil had been very cooperative once lawyers had explained the legal position. It was, however, "yet another example of the fact that foreign companies are not sufficiently informed about Norwegian law."

● The number of unemployed in Norway rose last month to 27,000 from December's 24,900 bnt is below the 33,600 of January 1979, the Labour Directorate said, Renter reports from Oslo. This means 1.6 per cent of the work-force was without a job last month against 1.5 per cent and 2 per cent respectively.

The wbolesale price index also rose in January—by 2.5 per cent—after a 0.4 per cent gain in January 1979, the Central Statistics Office aaid. The year-on-year rise was 13.1 per cent against 6.3 per cent in January, 1979.

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Babiuch named as Polish Prime Minister

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Parliament yesterday appointed Mr. Edward Babiuch as Prime Minister, and accepted the resignation of Mr. Piotr Jaroszewicz.

Mr. Jaroszewicz stepped down after being criticised for the state of the economy at last week's Polish Communist Party congress. He had held the post sinca 1970.

Mr. Jaroszewicz admitted to Parliament yesterday that hia Government had not achieved "all that it had planned, nor all that had been expected of it by othera," and be put this down in many cases to the "quality of the work of the Government and State and economic administration."

But, in the sbort speech wbich ha delivered to the hurriedly assembled special parliamentary session, be defended the record of the last decade as one of "singular dynamic economic growth."

Mr. Babinch promised to continue present policies in internal and external affairs, but stressed the urgent need to improve the quality of management and production throughout the economy. Other changes announced yesterday include Mr. K. Barcikowski's appointment as a deputy premier, while Mr. R. Karski became Minister of Forelgn Trade and Maritime Economy. Mr. Jan Szydlak has ceased to be a deputy premier and will, it is thought here, take up a post as the bead of the trade nnions.

Mr. Babiuch, 52, is one of the closest political associates of Mr. Edward Gierek, the Polish Communist Party leader. Mr. Babiucb has never aerved in the Government before, but it seems that this lack of experience will be compensated for by loyalty to the leadership. Like Mr. Gierek, Mr. Babiuch comes from the mining area of Silesia, in the south, where he became a miner at the age of 14.

Mr. Bablncb bas been a party member since 1948. In 1963 he became the deputy leader, and two years later the leader, of the Central Committee'a organisation department, which deals with appointments to key party posts.

But it was after the downfall in 1970 of the previous leader, Mr. Wladyslaw Gomulka, that Mr. Babiuch was promoted to full Politburo status and became a secretary of the Central Committee. In the post-Gomulka period he aupervised the process of making sure that men loyal to the new leader, Mr. Gierek, replaced Mr. Gomulka's appointees, and since 1970 Mr. Babiucb has come to be regarded as Mr. Gierek's right-hand man.

His career until now has been spent in the party apparatus, but his quiet, restrained manner makes him a safe choice for the top government post at a time when political and economic affaira seem to be demanding changes.

The message of the leadership changes at the party Congress is consolldation. Mr. Jaroszewicz's retlrement, and the demotion of Mr. Stefan Olszowski, until last week the party secretary ln cbarge of the economy, who disagreed with Mr. Jeroszewicz on many issues, shows that Mr. Gierek wanta to steer a middle course. Mr. Babiuch's appointment seems to provide a guarantee for the party leader that, in the troubled timea which lie ahead, he has a man be understands and can rely on at the head of the Government.

E. Germany begins work on four nuclear reactors

EAST BERLIN—East Germany has begin work on four new reactor blocks which will double the size of its main nnclear power plant and enable it to cover a fifth of the country's electricity needs.

The daily newspaper, Ostsee-zeitung, said construction of the four 440 MW blocks had begun in tbe past few weeks at tbe vast power complex in the northern town of Greifswald. Last autumn, the fourth of the plant's original four 440 MW units was completed. Greifswald was now supplying 11 per cent of East Germany's electricity, it said.

East Germany uses Soviet water-cooled reactors. It also draws its atomic fuel from the Soviet Union and sends used fuel elements back there for reprocessing. It has a second, smaller nuclear plant at the central town of Rheinsberg.
Reuter

Swiss 4% inflation forecast

BERN — Swiss inflation is expected to rise by about 4 per cent in 1980, compared with 5.2 per cent last year, according to a report issued by the Economics Ministry'a Commission for the Study of Economic Trends. It said prices were likely to go up faster in the first few months but then would slow, provided the Swiss national bank maintained its (conservative) money supply policy.
AP-DJ

Talks begin on aid package for Turkey

ANKARA — A large-scale Western economic ald programme to Turkey was being discussed in Ankara yesterday with Herr Hans Matthoefer, the West German Finance Minisler.

Herr Matthoefer, who arrived in the Turkish capital on Sunday night at the head of a 24-strong delegation, sald the talks wuuld also cover a possible rescheduling of Turkey's foreign debts, and West German military aid.

The Minister has begun a West German initiative to coordinate economic aid to Turkey with the participation of member countries of the Organisation for Economic Co-operation and Development (OECD).

Turkey has called for fresh Western credita following last month's sweeping economic eusterity meaaures and a 33 per cent devaluation of the lira against the dollar.

The success of the measures is seen as largely dependent on urgenl Western cash aid, particularly to finance crucial oil imports.

The Government estimates it will need at least $1bn this year to keep the economy functioning and is hoping to secure through Herr Matthoefer's efforts the $600m still to be found.

The week-long political unrest in Izmir seemed over yesterday when workers of small-scale plants returned to their jobs at tbe State-owned cotton plant complex. Some six people died in the Leftist-inspired rioting.

Yesterday hundreds of workers heeded an advertiaement placed in local newspapers calling on bipartisan employees to resume operations at secondary plants.

The main factory of the conglomerate, a cotton spinning and weaving plant, was taken over by security authorities last Thursday following an armed occupation by Leftist workers

Police announced yesterday in Ankara that they bad captured 32 members of the Turkiab People's Liberation Party, a Leftist group beld responsible for scores of killings, bombings and bank robberies.

And at Antakya prison, in south-east Turkey, 200 rebellious inmates who held six guards hostage for four days surrendered yesterday and released tbeir captives, according to the semi-official Anatolia news agency.

Turkish and Greek officials yesterday began a fifth ronnd of talks to try to solve long-standing disputes over Aegean air space and the continental shelf.

Greece closed off its Aegean air space to all traffic but its own after the 1974 Turkish military intervention in Cyprus.

Turkey's chief public prosecutor yesterday ordered the main opposition Republican Peoples Party of Mr. Bulent Ecevit to reveal its links with Socialist International.

The party, Turkey's biggest, joined the Socialist International in 1978 and Mr. Ecevit, a former Turkisb premier, attended a meeting of the group in Vienna 10 days ago.
Agencies

RIGHT-WINGERS ACCUSED OF KILLING LABOUR LAWYERS

Major political trial opens in Spain

BY ROBERT GRAHAM IN MADRID

THE TRIAL opened in Madrid yesterday of five Right-wing extremists accused of murdering four Left-wing lawyers and one assistant in 1977 in their Madrid office. This is the most important political trial since General Franco's death and is tbe firsl when politically motivated killings are impuled to the extreme Rigbt.

In anticipation of demonstrations by Righi-wing sympathisers, wbo have mobilised a concarted campalgn of wall slogans round the capital calling for an amnesty for the accused, police mounted strong security round the courtroom. Demonstrationa in support of the accused had prevlously becn baoned.

The killings bave become known as the Atocha case afler the district where the assassinations occurred. The four labour lawyers and their assistant were shot in cold blood while working late at night. The murders took place against the background of a fragile climate of stability and the organisation by the Left of a major transport strike at a moment wben unions were still illegal.

Origlnally, seven people were accused of being involved in the killing, but one subsequently died and another escaped from detention last year after being unaccountably paroled for Easter Week. Counsel for two of the accused, Sr. Jose Fernandez Cerra and Carlos Garcia Julia, are not denylng their involvement in the killings but are seeking an amnesty. They argua tbai the murders were politically motivalcd, designed to resfore liberty in Spain, and therefore should benefit from the amnesty of October 1977 applied to political crimes.

In court, Sr. Cerra, a former member of Gen. Franco's honour guard, admitted yesterday that he helped commit the murders hut he said he acted out of patriotic motives.

"I fired . . . because it would let Spain live in peace," he said.

The charges are being brought against the accused both hy the Stale Prosecutor and lawyers representing relatives of the victions. The latter have gone to considerable lengths lo obtain witnesses to show the links between the accused and the three main right-wing extremist organisations in Spain—Fuerza Nueva, Falange Espanola de Las Jons and the Guardia de Franco.

At leasl two of the accused are alleged to have acted on occasions as bodyguarda for Sr. Blas Pinar and other leading figures in Fuerza Nueva, the Fascist parliamentary party.

The trial has acquired added significance because of the admission last week by Sr. Sanios Ibanez Freire, the Interior Minister, in Parliament that members of the security forces did have links with the extreme Right. This followed revelations that two members of Fuerza Nueva were being held in connection with the murder of a young Basque studeni found dead near Madrid on February 2.

Yesterday's court session was attended by several leading labour figures including Sr. Marcelino Camacho, the head of the Communist-controlled trades union.

W. German caution on building machinery

By Kevin Done

THE West German building machinery industry is cautions about its development over the next 12 months, and sees prospects for positive growth only in export markets and in energy saving.

In the past year, demand bas been driven strongly by domestic sales caused by the boom in the building industry and the higb level uf capital investment by German industry.

After a real growth in 1978 of 20 per cent, demand from lhe home market again grew by 15 per cent last year, to give total sales of more than DM 4bn (£997m).

Foreign suppliers tn the West German market also gained from this airong expansion with the volume of imports passing the lotal of DM 1.5bn for the first time. Importers suffered to some extent lrom rising sales prices, however, and their share of sales to the West German markei fell back sligbtiy to 40 per cent.

This year, however, tbe building machinery manufacturers are facing a decline in demand from the road-building programme and for tbe construction of both office blocks and of private houses.

According to the West German Mechanical Engineering Federation, sales to the home market will at besl remain static in real terms this year.

Herr Peter Jungen, the federation's chief official for building machinery, said the best opportunities for growth would lie tbis year in export markets, with the best prospects to be found in certain OPEC countries—Algeria, Iraq, Nigeria and Libya—in China and in some parts of black Africa and Latin America.

Vance to visit four countries in Europe

WASHINGTON — Mr. Cyrus Vance, the U.S. Secretary of State, will visit West Germany, Italy, France and Britain this week to discuss a coordinated Western response to Soviet intervention in Afghanistan, the Staff Department said.

The talks in West Germany were announced last week.

Mr. Vance will fly to Bonn today and meet Herr Hans Dietricb Genscher the Foreign Minister, on Wednesday then fly to Rome to confer with Sig. Attilio Ruffini, the Italian Foreign Minister.

On Thursday, be will hold talks in Paris and London with M. Jean Francois-Ponset, the French Foreign Minister, and Lord Carrington, tbe Britisb Foreign Secretary, before returning to Wasbington
Reuter

French expect industrial output to remain high

BY TERRY DODSWORTH IN PARIS

FRENCH INDUSTRIAL productinn should be maintained at a reasonably bigh level during the first half of this year, according to surveys produced by two of the country's main forecasting centres.

There is wide agreement between the Employers' Association and the Banque de France on the underlying capacity of industry to ahsorb the effects of the 1979 oil price rises without heing throwm too dramatically off course.

In this respect, the country's industrial structure is better adapted than it was in 1973-74 and both organisations note the confidence of industrialists in their ability to maintain sales during tbe next few months.

The two reports are based on businessmen's views but also take into account the buoyancy of industrial output in January. According to the Banque de France study, production last month was higher than in November, the last relevant month because of the distortion caused hy the December hnlidays.

The Employers' Association report stresses the all-round strength of industrial activity in January. Output was particularly healthy in the capital goods sector.

Maoufacturers of consumer goods will probably face the biggesl problems in the next few months. Overall purchasing power fell marginally in France in 1979 for the first time in several years and the effects are now expected to work through to industry.

'No refund' of Iran's share in Eurodif

PARIS—France has no intention of refunding Iran its hillion dollar share in the Enrodif uraniom enrichment plant, M. Andre Giraud, the Frencb Industry Minisler, said yesterday. It is a matter for the French law courts to settle, he claimed.

M. Giraud was commenting on a statement by Mr. Sadeq Qothzadeh, the Iranian Foreign Minister, bere over the weekend tbai Iran is pulling out of Eurodif and abandoning all plans to develop nuclear energy. The Frencb Minister said there are binding rules and regulations.

Eurodif, with a uranium enrichment plant at Tricastin, in the Rbone Valley of Southern France, is backed by Belgium, Spain and Italy as well as France.
Reuter

OVERSEAS NEWS

Bridget Bloom, in Salisbury, assesses the crucial post-election phase in Rhodesia

A problem worse than intimidation

WILL Mr. Robert Mugabe, the Rhodesian nationalist leader, be able or be allowed to form the Government of the New Zimbabwe if he wins a majority of the black seats in next week's election?

With the poll only a few days away, the world is preoccupied with allegations of voter intimidation. But this is in danger of obscuring the more fundamental question of what happens after the polls—specifically, however free the polls, are forces being lined up which could prevent Mr. Mugabe and his Zanu (PF) party, which in the public eye at least is the most revolutionary of those contesting the election, from gaining power?

A growing body of opinion here holds that whatever the election result (short of a landslide Mugabe victory), a coalition may be formed which will get enough international backing to keep it in power and Mr. Mugabe and his guerrillas out of Government.

The argument starts from the cynical premise that intimidation of voters, which is blamed by the British and the Rhodesians primarily on Mr. Mugabe's party, cannot be eradicated over the next week but can be kept to a level where none of the parties will withdraw from the election.

Behind this calculation is the private acknowledgement by the British and, equally critically, by the parties themselves, that it was naive of all concerned to believe that elections could be conducted without some violence and intimidation after seven bitter years of guerrilla war.

Many ordinary African voters have undoubtedly suffered at the hands of party thugs. They have been on the receiving end of the entire gamut of intimidatory threats—of death, maiming, loss of work or livestock—if they refuse to vote a particular way. This has been backed up both by dire warnings that their particular electoral choices in the polling booths will be known, and by straightforward political terrorism.

At the same time an elaborate game of bluff and counter-bluff has been in process at Government and party leadership levels. Lord Soames, the Governor, realised long ago that he could not yield to Rhodesian pressure and ban Mr. Mugabe. Mr. Mugabe in turn reckons he has such massive support that he can put up with the minor restrictions and partial bannings so far accorded his party under the Governor's ordinances, despite his own threats to pull out.

The other parties, some of them aided by the widespread deployment of Rhodesian security forces and of the black auxiliaries originally created under Bishop Muzorewa, are meanwhile doing their best to counter the extra-curricular activities of Mr. Mugabe's party and its military wing by tough campaigning of their own.

It is impossible for an outsider to say that the "intimidation" which in African or any other terms is a highly difficult term to define, is evenly matched. But the parties are now privately acknowledging that despite intimidation they are now almost irrevocably locked into the election process.

Government House strategy therefore seems to be to contain the public cries of "foul!" from the contesting parties to the point where each is brought to accept the election result, if possible before it is announced. Barring an awful accident—such as the assassination of one of the three major African political leaders or of Gen. Walls, the Rhodesian army chief who has already replaced Mr. Smith as the whites' guardian—the strategy could well succeed.

The reaction of the dozens of international observers could well pose problems, but not insuperable ones. Lord Soames and his team are clearly backed by the Government in London in their determination to go ahead with the elections. In these circumstances, what happens after the poll assumes rather greater importance than the poll itself.

No one can accurately predict the outcome of the election. One joke doing the rounds suggests that had Rhodesia been France's responsibility, this settlement exercise could not possibly have got so far without the administration knowing who would win next week's elections.

If Mr. Mugabe *was* to win a landslide victory—meaning 51 or more of the 80 African seats in the new 100-member assembly—most people assume that Lord Soames would have no political or moral alternative but to call on him to form the Government. But on the more likely assumption that Mr. Mugabe's party will win a simple majority of black seats, a formidable range of interests seems certain to make every effort to exclude him from power.

An anti-Mugabe coalition, much talked of in private white, business and British circles, is typically seen as being led by Mr. Joshua Nkomo. But the veteran leader himself would almost certainly prefer to form a broader-based coalition with Mr. Mugabe's party in which he emerged as Prime Minister by virtue of his pivotal role in black politics.

In a clever campaign Mr. Nkomo is being projected as a moderate man of peace who is nevertheless a true nationalist, and he is keeping his options wide open. His party was formerly known as Zapu and is now called the Patriotic Front, the name given to his guerrilla alliance with Mr. Mugabe. It is being portrayed as an umbrella organisation in which there is room for everyone.

Despite the personal antipathy between himself and Bishop Muzorewa, Mr. Nkomo could well become Prime Minister of a coalition which excluded Mr. Mugabe. This would be joined by the 20 white Rhodesian Front members and by the two or three smaller parties thought likely to win seats.

There are many other possible permutations which would give Mr. Mugabe more or less seats and still exclude him from office. And if, on or around March 4 when the election results are due to be announced, an effort is made to put this scenario into effect, its proponents reckon it could win powerful international support.

They argue that a coalition to exclude Mr. Mugabe would win the backing of two if not three of the key frontline African states, of South Africa, of all nine countries in the European Community, of the NATO alliance and of the Soviet Union. Botswana and Zambia have both backed Mr. Nkomo rather than Mr. Mugabe. Western governments and international business would clearly prefer the pragmatism of a white-backed Nkomo-led coalition, and it is Mr. Nkomo and not Mr. Mugabe who has historically the backing of the Soviet Union.

An anti-Mugabe coalition, however, might also lead to civil war, with the Rhodesian armed forces and Nkomo guerrillas ranged against the 20,000-odd guerrillas loyal to Mr. Mugabe who are now in Rhodesia. Such an "insurrection against the legal government," as one anti-Mugabe man pointedly puts it, could stand little chance of success in terms of the brutal "realpolitik" of Southern Africa.

Against this background, it is easier to see why all of Mr. Mugabe's military men are in their assembly places, and why he and his supporters are out to get themselves an absolute majority of the black seats. They believe that it was in large measure their efforts which forced Rhodesia's whites to concede as much as they have.

The problems Lord Soames has faced in trying to cope with intimidation in the few weeks of the election campaign have been very considerable. But those which will confront him in the few days between the end of the election and the formation of a new government are likely to present him with a much more difficult and dangerous challenge.

A growing body of Rhodesian opinion holds that, short of a landslide victory by Mr. Robert Mugabe, top, a coalition may be formed to exclude him from power. This would be headed by Mr. Joshua Nkomo, below. But Mr. Nkomo would almost certainly prefer a coalition with Mr. Mugabe

Japanese discount rate rises

By Charles Smith, Far East Editor in Tokyo

THE BANK of Japan yesterday announced its widely expected decision to increase its discount rate. The rate has gone up by 1 per cent to 7.25 per cent. There will be a similar adjustment of other rates, including those on savings and deposits.

The Bank of Japan had been considering raising the discount rate for some days before the U.S. Federal Reserve last week raised its discount rate by 1 per cent to 13 per cent. The U.S. decision caused Japan to act more swiftly than it would otherwise have done.

A widening gap between U.S. and Japanese interest rates could have accelerated the outflow of funds from Japan, weakening the yen exchange rate and increasing inflationary pressures.

In the event the yen rate moved only moderately against the dollar in yesterday's foreign exchange market (the first day of trading after the Fed's action). The market opened at one dollar to Y243.0, marginally below Friday's close but moved up during the day to 31 to Y243.90. The dollar would almost certainly have climbed higher if the bank's intention to raise the discount rate had not been known before trading started.

The bank's primary reason for raising the discount rate is to curb inflation. Wholesale prices in the first 10 days of February were up by 20.2 per cent from the same time last year, and 0.7 per cent above those of the 10 preceding days. Higher prices for imported raw materials, including oil, contributed heavily to the rise but, for the first time in several months, "home-made" inflation (such as price increases for industrial products) also contributed substantially.

The worry of both the bank and the Finance Ministry is that the externally generated price increases will set off a vicious circle of domestic inflation.

Despite a high rate of increase in wholesale prices, Japan's consumer price index still shows a modest rise of by 6.2 per cent from the levels a year ago. The consumer index, however, seems certain to be affected by the sharp increases in utility charges due soon.

The bank says it is not afraid its latest discount rate increase (the fourth in less than 12 months) will deflate domestic demand too seriously. The economy has shown more life than expected during the past couple of months.

During the second half of 1980 slower domestic growth and a relatively heavy dependence on exports still appear probable.

Iran Oil Minister to boycott OPEC meeting

BY SIMON HENDERSON IN TEHRAN

IRAN HAS criticised the meeting of the Organisation of Petroleum Exporting Countries (OPEC) which starts in London this week because the meeting is attempting to work out long-term plans for the organisation while Iran is urging immediate action to limit oil production.

Mr. Ali Akbhar Moinfar, Iran's Oil Minister, said at the weekend it would be a waste of his time to go to the conference. He told the official Pars News Agency that such conferences were being sponsored by the imperialist powers to plunder the natural resources of the oil-producing countries.

Mr. Moinfar's comments reaffirmed criticisms he has made in the past of other OPEC members, but were interpreted in Tehran as being mainly for domestic political consumption. An Iranian delegation will attend, but without the Oil Minister.

Mr. Moinfar said the delegates were going to make Iranian policy part of OPEC's long-term plans. Apart from Iran, the other countries expected to attend are Saudi Arabia, Kuwait, Iraq, Venezuela and Algeria. Mr. Moinfar claimed that the Algerian Oil Minister would also not be attending the conference.

By not going to London, Mr. Moinfar will be available if necessary to help to organise disaster relief operations in the south-western oil-producing province of Khuzestan, which has been badly affected by floods. Last week Mr. Moinfar was one of two Revolutionary Council members charged with responsibility for relief operations. Yesterday President Bani-Sadr visited the area.

Iran has claimed that oil exports—reported to be running at at least 2m barrels a day (b/d)—have not been affected. But it has admitted damage to an oil pipeline supplying the main domestic refinery at Abadan, which reduced production by 100,000 barrels a day to 520,000 b/d. A gas pipeline was also damaged.

There is no way of independently checking this claim in Tehran, but there have been no reports from abroad to suggest that liftings at the Kharg Island oil terminal have dropped.

India opposition may unite for state elections

By K. K. Sharma in New Delhi

OPPOSITION PARTIES are expected to try to unite to challenge Mrs. Indira Gandhi's Congress (I) party in forthcoming elections to nine state assemblies which the President dissolved on Sunday night. The nine assemblies are in states where Mrs. Gandhi's party trounced its opponents in last month's parliamentary elections.

Elections to the assemblies cannot be held early, since the Election Commission has ordered electoral rolls to be revised since the discovery that millions of voters were not included in them last month.

The nine states are Uttar Pradesh, Bihar, Tamilnadu, Rajasthan, Madhya Pradesh, Maharashtra, Punjab, Orissa and Gujarat.

Mrs. Gandhi has been severely criticised by the non-Congress leaders of the nine states, but the criticism has been received with scepticism. Observers noted that the former Janata Government ordered a similar dissolution.

Palestinians plan to build West Bank settlements

BY DAVID LENNON IN TEL AVIV

THE PALESTINIANS of the West Bank are considering establishing Arab settlements in the occupied territory, and demanding their right to repossess their former homes in Israel.

The call to build Arab settlements on public land in the West Bank and to expand the areas of cultivation of the Arab villages was issued at a meeting of West Bank leaders on Sunday.

The speakers, including Mr. Bassam Shaka, the mayor of Nablus, denounced Israel's policy of building Jewish settlements on occupied Arab land. To counter this, they advocated that the Palestinians adopt Israel's settlement system.

In Hebron, where the Israeli Government has decided to permit Jews to reoccupy homes they lost during riots in 1929, the mayor announced he would respond by demanding the return of his property in Israeli West Jerusalem.

● The Israeli military Government has banned West Bank leaders from attending a conference on Palestine to be held in the Al-Aksa mosque in Jerusalem today.

In an apparently related move, some West Bank mayors have announced they will drop a previous ban on meeting visiting U.S. diplomats. They have agreed to hold talks today in Jerusalem with Mr. Donald McHenry, the U.S. ambassador to the UN.

Some confusion may arise at Israeli roadblocks today when Israeli soldiers try to differentiate between the mayors going to the Al Aksa meeting and those planning to meet Mr. McHenry.

Our Foreign Staff adds: Syrian troops fought Moslem extremists in the northern town of Aleppo yesterday.

Syrian officials said eight members of the extremist Moslem Brotherhood were killed when troops stormed a house, uncovering an arsenal which included automatic weapons, rocket launchers and explosives.

Namibia mission arrives

By Quentin Peel in Johannesburg

A UNITED NATIONS military mission arrived in Namibia (South West Africa) last night to finalise details of a demilitarised zone to defuse the territory's guerrilla war.

Lieutenant-General Prem Chand, the Indian commander-designate of the proposed UN peacekeeping force in Namibia, is to have talks with the South African defence force before the next round of talks between UN officials and the South African Government in Cape Town at the end of the month.

In spite of South Africa's acceptance in principle of the concept of a demilitarised zone along the territory's border with Angola and Namibia, to prevent further infiltration by guerrillas from the South West Africa People's Organisation (SWAPO), the Government still has major reservations about the effectiveness of the plan.

The South African Defence Force has reported an increased number of guerrilla incidents.

Afghanistan crisis helps Fraser to boost Australia's defences

BY PATRICIA NEWBY IN CANBERRA

THE strong reaction to the Soviet intervention in Afghanistan shown by Mr. Malcolm Fraser, Australia's Prime Minister, has drawn accusations at home that he is scare-mongering in order to attract votes in election year. It has also brought to the boil a simmering debate on Australia's defence policy.

Mr. Fraser has already announced that Australia will increase surveillance of the Indian Ocean and stimulate defence spending. A review of defence needs is under way.

The Australian Government was also one of the first to call for a boycott of the Olympics and to announce measures like cancelling fishing and scientific agreements in retaliation against the Soviet action.

Mr. Fraser has in addition had talks with President Carter and leaders of the UK, France and Germany. He has also sent Mr. Andrew Peacock, his foreign minister, on a tour of 10 nations in south-east Asia to obtain their views on the strategic implications of the Soviet intervention.

But Mr. Fraser has also been accused of international grandstanding in an attempt to divert attention from high inflation and unemployment—few people see an immediate threat to Australia.

When Parliament reconvenes today, Mr. Fraser will outline plans to upgrade expenditure on equipment over the next five years, though the number of men at arms is unlikely to rise.

Mr. Fraser has a hawkish reputation on the Soviet Union and has been warning of Soviet expansionism for 10 years. He has been ridiculed by sections of the media and the opposition Labor Party for his bellicose response to the Afghanistan intervention. Opinion polls nevertheless show support for increased defence spending—a surprising 58 per cent of one sample supported the return of conscription if Australia were threatened.

Recent Liberal and Labor Governments have not been prepared to increase spending on defence. Instead they have bowed to pressure to keep down inflation. According to Dr. Robert O'Neill, head of the Strategic and Defence Studies Centre at the Australian National University, both the Whitlam Labor and Fraser Liberal Government drew up sensible defence programmes for a medium power in an important strategic region between the Indian and Pacific Oceans, but then failed to fund them.

Australia's defence budget for 1979-80 is A$ 3bn (£1½bn), which represents 2.7 per cent of gross national product, a proportion which has fallen from 3.2 per cent in 1975. In 1976 defence spending was lower than most of the countries of the region.

Taiwan, for example, devoted 7.7 per cent of its GNP to defence, Pakistan 5.7 per cent, South Korea 5.6 per cent, Singapore 5.5 per cent, Malaysia 4.7 per cent, Thailand 3.7 per cent, the Philippines and Indonesia 3.4 per cent and India 3.2 per cent. The only countries devoting a lower proportion of GNP to defence were Japan with 0.9 per cent and New Zealand, 1.9 per cent.

However, because of its high GNP, Australia spent more in cash terms than every country in the region except Japan, India and South Korea. Australia has 70,000 men at arms, considerably fewer than most of its neighbours. For example, Indonesia has armed forces totalling 239,000.

Mr. Fraser, a former Army and Defence Minister, may feel he has neglected the defence forces. Afghanistan has provided an opportunity to rectify matters, and the strategy is starting to prove largely successful. The Labour Opposition, while accusing Mr. Fraser of scare-mongering and hypocrisy over the Soviet Union, does support the principle of increased defence expenditure.

The Government is flush with money after the windfall of A$2bn from its oil profits tax, resulting from the decision to raise the price of domestically-produced crude to prevailing world levels. The Government has promised some money as income tax cuts, but Australian defence chiefs are calling for an increase of at least A$500m for the purchase of military equipment. This would more than double the 1979-80 military procurement budget, which is A$447m.

The Government is expected to announce shortly the number and type of tactical fighters to replace its 89 Mirages. A short list, comprising the General Dynamics F-16 and the McDonnel Douglas F-18, has already been announced. Before Afghanistan it was thought Australia might order only 25 new fighters. Now the number is almost certain to be 75.

Other possible equipment purchases include more subs for the country's 20 F-111 aircraft to allow them to fire over the horizon, tanker aircraft for air refuelling and better equipment and fire-power for the army.

No increase in manpower is expected at this stage although there may be an improvement in pay and conditions. Ability to defend the sea approaches will remain the main principle of defence philosophy.

Mr. Fraser's recent diplomatic initiatives indicate that the Government still partly clings to the "forward defence" approach, which involves Australian troops fighting in support of U.S. forces rather than alone. The ANZUS Pact, which requires consultation between the U.S., Australia and New Zealand in the case of attack, is still a key part of Australian defence strategy.

Australia's efforts to persuade the U.S. to help with increased surveillance of the Indian Ocean clearly indicate that Australia wants to enmesh the Americans in its own region of interest.

Strategists in Australia believe, however, that only the U.S. and the USSR would be capable of conquering Australia—mainly because of the difficulty of protecting an invading force on the long maritime approaches to the country. Despite Mr. Fraser's sabre-rattling in recent weeks, such a threat seems hard to imagine, even after the invasion of Afghanistan.

AMERICAN NEWS

Ian Hargreaves on the tangled financial affairs of the third-biggest car maker in the U.S.

Why the banks are wary of Chrysler

THE AVERAGE U.S. Congressman can be forgiven for being as confused as he probably is about Chrysler.

Two months ago, at the end of many months of soul-searching about the role of government in industry, the two Houses agreed that the nation's number three motor company should receive $1.5bn in loan guarantees to help it stave off otherwise certain bankruptcy—so long as it could also raise $2bn in nonguaranteed money.

Last week, however, the company's banks were still locked in disagreement over Chrysler's future and whether to support the Congress package. Mr. Lee Iacocca, Chrysler's chairman, was in Washington telling reporters that the company may not need loan guarantees anyway.

Even allowing for a certain amount of poetic licence in Mr. Iacocca's car-salesman manner, this is apparently a dramatic change of circumstance. But since the end of last year, three important developments have occurred:

● The U.S. economy has turned away from any evidence that it is about to go into recession. Retail spending is still increasing rapidly, and so is inflation. This is having an effect on car sales, which rose by 3.2 per cent in January compared to January 1979—the first year-on-year gain for nine months.

● Chrysler put together a series of short-term financing deals, including a $100m loan from Peugeot of France, $125m in delayed bills from suppliers and the first of a series of local government loans which should eventually total $125m.

● Mitsubishi, in which Chrysler has an equity stake, agreed it would finance its own exports to the U.S. (sold through Chrysler under Chrysler marques) for the next two months. This gives the U.S. company more time to re-establish letters of credit with a syndicate of Japanese banks which pulled out of the transaction because of Chrysler's financial problems.

None of these events necessarily makes any difference to Chrysler's longer term prospects. The upturn in the car market may well not last, having been stimulated by cut-price offers. In any case, much the biggest gainers in the month were imports (which took a record 26 per cent of the market) and General Motors, whose sales were level with those of a year ago.

As for the Peugeot loan and the Mitsubishi arrangement, neither involves solid long-term commitments, although both could be the basis for such developments.

Mr. Lee Iacocca—"we may not need loan guarantees."

It therefore seems a little eccentric for Mr. Iacocca to be hinting that he might not need Government help beyond having profited from the psychological boost the package has already given Chrysler in the market place by apparently putting a safety net under the company.

Chrysler's explanation for Mr. Iacocca's claim is that the January level of sales, if maintained for a year, would mean a car market this year of 10.6m units, against an assumption of 9.3m in Chrysler's operating plans.

If Chrysler takes a 10 per cent market share (as against 9 per cent last year) it will sell 1.06m cars instead of the 942,000 it sold last year or the 930,000 it was expecting to sell this year. This difference of 130,000 units means a cash flow advantage to Chrysler of around $650m in the year.

Another important behind-the-scenes development in recent weeks has been Chrysler's continued efforts to cut costs. Its Ohio foundry has been closed, a couple of plant closures have been brought forward and the company has taken out some frills in its product development programme and made some more substantial spending deferrals in the 1981-84 period.

This raises the question of eventually. Chrysler should be taking such decisions when it has the promise of Government money.

The answer is that some of the more than 200 banks across the world to whom Chrysler owes money are flatly opposed to Chrysler increasing its volume of debt, regardless of the quality of its guarantor.

On December 31, Chrysler's consolidated debt already exceeded its net worth and its current assets were equal to 97 per cent of its current liabilities. The company is already in default on dozens if not hundreds of loan agreements. As it expects to lose another $500m this year on top of last year's $1.1bn, this position could worsen.

The banks' reluctance to see Chrysler borrow more money is strengthened by the fact that the guaranteed loans would, under the terms of the Chrysler aid law, take prior security for repayment in the event of a liquidation over existing loans.

It is therefore in the banks' interests to find a solution which minimises the amount of new money Chrysler borrows. They have worked from this fundamental position in the hundreds of hours of detailed negotiation which have taken place in the past eight weeks.

The other problem for the banks is that, if Chrysler started selling off assets during negotiations to raise short-term funds, the value of the company's asset base would be eroded and the amount of money the banks would recover in the event of a bankruptcy would be reduced.

At this stage several major banks are insisting on keeping the bankruptcy option open. That is why some have so far resisted giving permission for the Peugeot loan, which is secured again Chrysler's valuable stockholding in the French company—although the indications are that the Peugeot loan will be allowed to go through since its assets is not questioned. But the timing has become critical to the success of negotiations.

Asset disposals hold key

ASSET DISPOSITIONS appear most likely to prove the key to the Chrysler package. Some leading banks in the drama have given their backing for a plan which would involve Chrysler selling its Chrysler Financial retail financing subsidiary, generally regarded as healthy apart from its association with the parent, as a condition of helping reschedule Chrysler Corporation's debt. Chrysler Financial is valued at around $600m.

This would have the effect of securing the future of that company inside a stronger parent—Household Finance has been a bidder—and thereby make more secure the banks' loans to Chrysler Financial. The $3bn-odd which the financial company owes to banks is around double the amount owed by the parent corporation.

If Chrysler could then, by agreement with the banks, add asset sales of a further $300m to its share of the proceeds from selling part of Chrysler Financial, the company would be well on the way to raising the $2bn it needs in matching funds to satisfy the terms of the aid law without recourse to guaranteed loans.

The sum would be provided as follows: $500m from already secured concessions in wage and salary contracts; $600-700m in asset sales; $250m from a planned issue of debentures to dealers and others; $125m from local government; and $400-500m from the banks and other financial institutions involved.

There is every indication that the Government board now overseeing Chrysler's affairs is prepared to be flexible about the nature and size of the banks' commitments in order to tie up the package.

So far the banks have refused point blank to put in additional loans. But they have talked cautiously about the possibility of a moratorium on interest payments. This could have the effect of injecting $100m or more a year and would, if the Administration was willing to be flexible, be construed as the banks' contribution under the terms of the law. However, this hypothesis omits two important possibilities. One is that the car market turns worse even than Chrysler's gloomy forecast. The second is the astonishing legal complexity of Chrysler's financial affairs, stretched across four continents. Assembling the package is rather like a dozen people trying to do the same jigsaw puzzle at the same time.

As one individual closely involved in the process put it, the final announcement of a package—assuming this stage is reached—could appropriately be held at Madison Square Garden. But, he warned, "There won't be any room for the public, you understand. The place will be full of lawyers."

GKN near to finalising £50m deal in E. Germany

BY LESLIE COLITT IN BERLIN

EAST GERMANY and Guest Keen and Nettlefolds (GKN) are reported to be in the final stage of negotiations for the construction of a forge in East Germany to produce a complete range of components for new East German trucks.

The forge would be worth some £50m and is part of a £500m East German plan to modernise its truck industry based in Ludwigsfelde.

Some technical questions remained to be discussed, but it is felt these could be solved within a few weeks. Mr. Cecil Parkinson, the British Minister for Trade, will be visiting the Leipzig spring fair next month and it is possible that the signing of a contract between GKN and the GDR could take place during his stay from March 10-12.

Mr. Parkinson will hold talks with East German officials at a time when British exporters are despairing about trade with East Germany. He will be the second UK trade minister to visit the twice-yearly fair since diplomatic relations were established in 1972.

The forge contract had originally been estimated to be worth more, but East Germany has reviewed all its investment projects to eliminate those which are not absolutely essential. Thus GKN may not be able to provide the engineering for the foundry as was expected.

● The Leipzig trade fair, which normally has run for eight days, is being shortened. Next month's fair will now run from March 9-15, and the autumn trade fair has been reduced to six days. The changed schedule was undertaken as a means of concentrating activities by participants.

'Business as usual' for Salzgitter in USSR

BY KEVIN DONE IN FRANKFURT

TRADE BETWEEN Salzgitter, the West German state-owned steel and process plant group, and the Soviet Union and other East Bloc countries is proceeding normally and has been largely unaffected by the political repercussions of the Russian invasion of Afghanistan.

Salzgitter, which is playing a prominent role in the building of the giant steel-making complex at Kursk in Western Russia, and which has just completed the construction of Moscow's new Olympic airport, Scheremetyevo 2, with a consortium of West German companies, takes about a quarter of its export orders from East Bloc countries.

According to Herr Ernst Pieper, Salzgitter chief executive, who was recently in Moscow for the opening of the new airport, it is still "business as usual" in trade contracts between West Germany and the Soviet Union.

In an interview with Der Spiegel, the West German news magazine, Herr Pieper said that there had been no visible repercussions for trade with East Bloc countries since the invasion of Afghanistan.

No further major process plant contracts had been secured, but the company's running steel trade with Eastern countries was continuing normally, and Salzgitter officials would be in Moscow this week for quarterly negotiations.

ECGD lifts premiums on bank guarantees

By Margaret Hughes

BRITAIN'S Export Credits Guarantee Department (ECGD) is to raise the premium rates on one of its bank guarantee facilities which are running at a loss.

The premium to be raised on April 1 is for the comprehensive bank guarantee provided for exports sold on open account terms. It will be increased from 25 pence to 50 pence per £100 of the exporter's agreed borrowing limit. The same increase will apply to the comprehensive bank guarantees for exports sold to associated buyers on a "bills or notes" basis on terms of up to two years' credit. For "bills and notes" business with other buyers, however, the premium rate will remain at 25 pence per £100.

The increases have been imposed because the "open account" scheme has been making a loss over the past five years amounting to something between £5m and £10m at the end of the last financial year to March 31, 1979. This has been largely due to the insolvencies of UK exporters.

In the case of business carried out on a "bills and notes" basis ECGD usually has the security of a bill or note accepted or issued by the buyer and related to a specific transaction. But where the buyer is an associate of the exporter—defined as one in whose profits the exporter has a substantial interest or vice versa—the security which the buyer provides is obviously lost if the associate exporter becomes insolvent.

This is the third time in the past three years that ECGD has raised the premiums on its comprehensive bank guarantee schemes. On previous occasions this has been accompanied by an increase in normal credit insurance premiums. For the time being there is to be no further increase in insurance premiums, but ECGD states these are still under review. Whether or not they will be raised and by how much is dependent on the level of claims in the current year's and ECGD's assessment of the likely level of claims in the coming year—some increase in premiums seems inevitable.

In the last financial year the amount paid out in claims of £134m exceeded premium income of £108m by £26m—the first time that claims had outstripped premium income by such a substantial amount. In the current year it is expected that claims will be at least double last year's total with those paid out on Iran totalling an estimated £80m to £90m. At the same time claims paid out on business with Zambia, Sudan and Nigeria are expected to be higher, while claims on Turkey, though lower than last year, are still likely to be substantial.

It seems certain that ECGD will have to dip into its reserves for the first time this year to meet these claims. It will, therefore, have made a loss in the sense that its outgoings exceed its total income including interest earned on its reserves.

Whether it also fails to meet its financial objective, whereby the ratio between its reserves and the amount it has to risk is set to reach 2.25 per cent by 1980/81 will depend on how many of these claims are "dead loss" claims which will have to be written off.

Sharp attack levelled at French ship subsidies

BY TERRY DODSWORTH IN PARIS

FRANCE'S SYSTEM of subsidising shipbuilding orders has come under attack from one of the country's main shipping companies, which claims that it could buy new vessels much more cheaply in Japanese shipyards.

The row has broken out following the effective blockage of an order which the French shipping company, Chargeurs Delmas-Vieljeux, had placed with a Japanese ship builder for four 26,000-tonnes container ships.

Import licences were refused on these vessels by the French authorities, thus forcing Delmas-Vieljeux to redirect the contract to a French group.

Under rules laid down last October, the orders qualify for Government aid. This is given to French shipping companies to help their investment in new craft made in domestic shipyards where prices may be higher — the cost to Delmas-Vieljeux of building in France will be about FFr 120m (£12.8m) a vessel, compared with FFr 80m in Japan.

In proportion to the aid, however, the shipping companies are expected to make their own contribution to new investment by expanding their own capital and injecting their own funds. It is this regulation which Delmas-Vieljeux is now challenging.

The objections of the French shipping company are now providing a serious embarrassment to the French Transport Ministry, which has been trying to sort out the complex financial problems of the shipping and ship building industries.

Delmas-Vieljeux says that it wants a favourable response to its demands by the end of the month or else it will withdraw its orders from the Alsthom-Atlantique works in Saint-Nazaire, an area which is suffering from heavy unemployment.

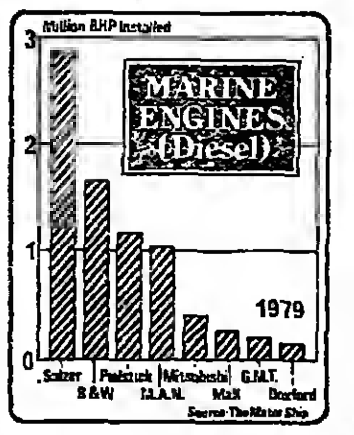
If the Government gives way, however, it will be faced with a serious challenge to its new policies for the shipping industry. These reforms were designed to force companies to maintain a sound capital base and thus avoid the crushing debts which have plagued them during the last few years.

Shipbuilding slide cuts world marine engines market by 28%

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE SIZE of the world marine engine market fell by 28 per cent last year, following a sharp reduction in world shipbuilding activity.

According to figures published in The Motor Ship magazine, the total installed horsepower of new marine engines in 1979 fell from 12.5m brake horse power (bhp) to 9m bhp. More than a third of the market is controlled by Sulzer of Switzerland, although the vast proportion of its engines are built under licence in places like Japan.



The big rise in fuel prices last year has led to shipowners installing more low-speed diesel engines which are more economical. Low-speed diesels account for 63 per cent of the engine capacity installed. Another 31 per cent is accounted for by medium- and high-speed diesels.

The rise in fuel prices has also led to a big fall in the popularity of steam turbine engines—6 per cent of installed capacity. Last year only 14 ships were equipped with steam turbines. This compares with 32 the previous year. Similarly, gas turbine engines have also fallen from favour.

In the low-speed diesel market Sulzer dominates the field, but its market share was reduced from 52.1 per cent to 48.1 per cent in 1979. By contrast, the second biggest low-speed engine builder, Burmeister and Wain of Denmark, increased its market share to 29.1 per cent.

In the medium- and high-speed diesel market, the French designed Pielstick range dominates with a 41.6 per cent market share. All the engines are built under licence by other engine builders. The next two biggest manufacturers are M.A.N. and MaK Maschinenbau, both of West Germany.

Indonesia resumes trading with China

BY RICHARD COWPER IN JAKARTA

INDONESIA has resumed direct trading with China after a break in relations which has lasted almost 13 years. But direct shipments to and from China have been allowed so far only on a "case by case" basis, Mr. Adam Malik, Indonesia's vice-president, revealed yesterday.

The move would appear to represent a significant step forward towards normalising relations between the two countries. Indonesia and China have had no formal diplomatic representation, nor have they officially admitted to engaging in direct trading since relations were first frozen in October, 1967, as a result of China's alleged involvement in an abortive coup attempt in Indonesia in 1965.

Mr. Malik, in a luncheon address, gave what seemed to be the first official confirmation that a resumption of full relations with China would occur "soon."

"There were no longer any difficulties between China and Indonesia on a Government-to-Government basis," he said.

Concrete examples of the improvement in relations were that some high Chinese officials had already visited Indonesia, and that for some commodities, such as timber and rubber—there had already been direct trade with China. Such shipments, however, required the approval of the Minister of Trade on a "case by case" basis.

The value of goods coming into Indonesia from China is estimated to be in the region of $200m (£87m) a year, most of which comes through middlemen in Hong Kong and Singapore.

Mr. Malik was careful to point out that the much more relaxed relationship that had recently developed did not mean that all the problems had been solved.

Marks in Egypt 'talks'

BY ANTHONY McDERMOTT

BRITISH companies, notably Marks and Spencer and Cadbury-Schweppes, are attempting to take advantage of the decision by Egypt's People's Assembly (parliament) on February 6 to end the economic boycott of Israel.

Mr. Gamal Nazer, the Egyptian Minister of Economic Co-operation said that Egypt was "in serious negotiations with Marks and Spencer."

The decision to drop the boycott is part of the normalisation of relations between Egypt and Israel after the Camp David accords.

Lord Marcus Sieff, the company's chairman, yesterday declined to confirm negotiations were taking place but said that his company would give what help it could to Egypt's economy. Mr. Nazer, however, said that Marks and Spencer hoped to set up an office to export fruit and vegetables to the UK for sale in its supermarket chains and planned later to invest in textile manufacturing in Egypt.

A Cadbury-Schweppes official confirmed that negotiations were taking place but emphasised that they had been going on for more than two years. The company has been discussing franchise arrangements for a bottling plant in Egypt, using the mineral springs near Helwan, an industrial area south east of Cairo.

Sealink reaping benefit of fare cuts

By William Hall, Shipping Correspondent

SEALINK, British Rail'a ferry subsidiary, bas increased its traffic sharply since It introduced its policy of selective price-cutting aimed at stimnlating the off-peak travel market.

Preliminary figures indicata that Sealink more than doubled its cross-Channel carryings last weekend.

On its Newhaven-Dieppe route Sealink carried 916 cars lsst weekend. This comparea with 245 cars last year. On tha more important short sea routes between Dover/Folkestone and France, Sealink carried nearly 1,000 cars on Saturday alone. This compares with an average 400 cars on a normal February Saturday.

No figures are availahle yet for Sealink's Dover-Ostend route hut the early indicationa are that there was a fairly good increase in husiness.

Only 2½ per cent cross in February and *Sealink and the* other ferry operators have started offering cut-price fares in an effort to stimulate tourist traffic in the off-peak months.

During February Sealink has heen offering £20 return fares for a car plua two passengers on its routes to France and Balgium.

This compares with the normal return fare of £99.80 and £54.80 on the Newhaven-Dieppe aod Dover/Folkestone-France routes at thia time of the year. This offer expires at the end of this month and Sealink is offering £40 return fares for a car plus four passengers during March.

Townsend Thorensen has matched Sealink's £20 return fare offer during February and other operators auch as P and O have been offering sbarply reduced fares to stimulate the return day trip market.

Decca TV to discuss deal with Japanese

BY JOHN LLOYD

DECCA, which is now heing integrated with tha Racal group, is to discuss the possible sale of its television division to a "major Japanese company."

Mr. Nigel Graham Maw, the chairman of Decca, said yesterday that talks with the Japanese company would begin shortly.

While Mr. Graham Maw would not name the company, it is likely to be one of those which at present does not manufacture aets in the UK. Both Sanyo and Sbarp fall into this category, as does JVC—though National Panasonic, which like JVC is a subsidiary of Matsushita, does bave a plant bere.

A successful takeover of Decca's Bridgnorth plant would bring to six the numbar of major Japsnese companies with television manufacturing interests in the UK. Besides National Panasonic, both Sony and Mitsuhishi have independent plants, whlle Hitachi and Toshiba operate joint ventures with the General Electric Company (GEC) and Rank respectively.

Mr. Graham Maw said there were no plans to begin talks with Binatone, the UK electronic distributors, which baa shown interest in bidding for tbe plant in association with a Far Eastern partner.

However, Mr. Gulu Lalvani, chairman of Binatone, said yesterday be would seek talks with Decca in three or four week's time, after Racal, the new owners of Decca, had time to consider the division's future.

Decca said that Mr. Lalvani had discussed the possible manufacture of the Microvision pocket television, which he took over from its creator, Mr. Clive Sinclair, at Bridgoorth, and that he had also expressed an interest in a possihle purchase, with a partner.

It seems likely, bowever, that Decca would favour a bid wbich might arise from talks with the Japanese company.

Decca's television plant, which is wall equipped, manufactures about 120,000 colour sets a year as well as a new range of sets adapted for the Post Office viewdata system, Prestel. It presently makes an annnal loss of around £1m.

Gamma rescue bid fails

BY GUY DE JONQUIERES

GAMMA GROUP, bolding company for what was until recently one of the fastest growing computer software and service groups in the UK, has asked for voluntary llquidation after the the last-minute collapse of a financial rescue plan.

Its main operating subsidiary, Gamma Associates, which specialises in designing and marketing systems based on mini-computers, has been placed in receivership.

According to Dr. George Coggan, founder and managing director of Gamma, these moves became necessary after an abrupt decision by Planning Research Corporation, a U.S. consulting firm, to terminate negotiations on a takeover before a final agreement waa due to he signed.

He said PRC gave no reason for its withdrawal from tbe negotiations which, it is understood, centred on a plan for the U.S. company to take over *Gamma for e nominal sum* and guarantee long-term dehts of about £450,000.

Only last autumn, Gamma received an injection of capital and loans totalling £400,000 from a group of unnamed City institutions. But this failed to ward off its worsening financial problems, and towards the end of last year it decided to seek a merger partner.

The Nottingbam - hased Gamma Group is chaired hy Sir Denning Pearson, who was chairman of Rolls-Royce until It was forced into hankruptcy in 1971.

Gamma Associates, which was tbe *lead company* in the *group* until a corporate reorganisation last April, reported net pre-tax profits of £27,000 on revenues of almost £3.5m during its last full financial year, ended March 31, 1979.

On-the-spot fines considered

BY LYNTON McLAIN

THE GOVERNMENT has started the review of the traffic lsws promised in the Conservative election manifesto.

A working group from the Home Office and tbe Transport Department is now considering possible options for a number of changes ln existiog laws governing motoring.

In particular, the group ls considering wbether the present fixed penalty system—now mainly applled to parking, lighting and the non-display of a tax disc—would be extended to other offences, including speeding.

The Home Office may also replace tbe existing "totting-up" system where a number of endorsements on a licence may lead to its suspension. Instead, the Government ls studying the merits or otherwise of a "points" system. Offences uoder such a system would be graded according to their seriousness.

● A separate Home Office and Transport Department working group said in a report to a Greater London Council committee tbet fixed penalty fines for parking offences ln London should be raised from £6 to £10.

● Mr. John Silbermann, chairman of the Road Haulage Association last night called on all transport operators to urge the Government to reserve oil supplles for transport.

Japan has edge in planning

By Our Industrial Editor

LONG TERM planning and heavy investment policies by individual companies are among the main reasons for the success of Japanese industry, accordiog to a study published yesterday by the Policy Studies Institute.

The authors, who bave been involved in tbe Japanese operatioos of the Boston Consulting Group, also say that the other major factor is that management, lahour, banks and the Government all work towards achieving consent for an efficient industrial policy.

Japonese Industrial Policy. By Ira C. Mogaziner ond Thomas M. Hont. Policy Studies Institute, 1 Castle Loncc, London SW1. Price £3.95.

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Drinks industry warning

BY ELAINE WILLIAMS

THE WINE and Spirit Association, has warned that large tax increases in the forthcoming Budget, could badly damage the industry. It says that even at present tax levels, wine and spirit consumption is falling.

Suggestions that Increases could add as much as 30 per cent to the retail price of *spirits and 15 per cent to wines* have worried the association which believes that sucb rises would have an adverse effect on already declining sales.

Mr. Vincent Larvan, cbairman of the association, said that the Treasury's own figures for 1979/80 suggest that last year's VAT increase to 15 per cent would prevent growth in the sales volume of drinks. He warned tbat the damage to employment and investment would be "incalculahle."

● *The Campaign* for Real Ale is opposing the £21m purchsse hy Allied Breweriea of 214 Scottisb public houses and an Edinhurgh brewery from Vaux Breweries.

£1 coin is still being considered

By James McDonald

THE TREASURY is still considering the possibility of Introducing a £1 coin which, with continuing inflation, would he very populer with vending machine operators.

Officially the Treasury remains uncommitted, bowever, it is believed there ls growing support in tbe department for the coin.

One msjor consideration would be the high initial cost of its introduction, hut "renewal" costs would he lower than for paper money.

Hull vessel owners liquidation claim

Financial Times Reporter

THE BRITISH Transport Docks Board said yesterday the Hull Fishing Vessel Owners' Association was about to go lnto liquidation.

The association yesterday laid off its 113 "lumpers"—dockers who unload fish—hecause it had no work for them. There have been no trawler landings at the port for twn weeks and no local vessels are expected to dock for another mnnth. Nor is there any prospect of foreign trawlers landing at Hull in the immediate future.

A Board statement said it entered into a long-term agreement with the association in 1974 to renovate the fish dock encouraged hy an assurance that the facilities would be required "in the foreseeable future."

"The association committed itself to a hasis of payment for the use of the dock," the Board said. The Board is now considering the implications of the new situation.

The vessel owners have hlamed the declina of the industry on *the lack of an* EEC fisheries policy due to protracted haggling in Brussels. The only fish available to the town's wholesale market in recent months has been coming overland from other British ports or by container from the Continent.

Irish PM's initiative draws blank

By Stewart Dalby

THE LIMITED constitutional conference on Northern Ireland resumed yesterday, apparently unaffected hy the weekend appeal of Mr. Charles Haughey, the Irish Prime Minister, that Britain declare an interest ln encouraging *Irish* reunification.

The Northern Ireland Office had no puhlic comment to make yesterday abont Mr. Hanghey's speech. However, it is understood that the British Government feels the time is not ripe for an Anglo-Irish initiative, and that the restricted conference should be allowed to run its course.

Delegates to the conference, which is confined to seeking ways of devolving more political powers to local politicians and which specifically excludes dlscussion of the Irish dimension, yesterday *considered the proposals* of the SDLP, the main Catholic representative, for power-sharing ln a devolved administration.

Mr. Ian Paisley, the main Unionist delegate, was absent on business ln America. The conference, at Stormont, has been adjourned for 10 days.

Today, however, Mr. John Hulme, SDLP leader, will meet Mr. Humpbrey Atkins, Secretary of State, for another session of the "parallel talks," dealing with Irish unity, security and the economy.

Mr. Hnlme yesterday welcomed Mr. Haughey's speech, and urged tbat Mr. Haughey and Mrs. Thatcher should meet at the earliest possibla date to hegin discussion of a process towards a solutioo for the Northern Ireland prohlem.

Rolls seeks engineers

ROLLS-ROYCE yesterday launched a campaign to recruit 300 skilled engineering workers for its Scottish aero-engine plants at East Kilhride and Hillington for work on the company's £4bn order book.

Mr. Don McLean, the general manager for the aero division in Scotland which employs 9,000 men, said: "The company has the orders, and the prodnct, bnt more skilled workers are needed to deliver the goods."

Rolls-Royce in London said that most of its factories are now short of skilled workers.

William Press men cleared in Inland Revenue case

TWO SENIOR memhers of the William Press and Son Construction Group were cleared yesterday of allegations that they conspired to defraud the Inland Revenue.

Mr. Jeremy Connor, Bow Street magistrate, found that Mr. Raymond Daniels, managing director of William Press, and Mr. Paul Wood, group head office manager, had no case to answer. Both were discharged and alowed costs out of public funds.

However, after the 26-day committal bearing 11 other men were committed for trial at the Old Bailey, all having hail renewed.

Nine, all company employees, are accused of conspiracy to defrand the Inland Revenue and two, an employee and an accountant with the company's auditors, are accused of false accounting. The company itself was also committed for trial on the conspiracy charge.

The prosecution alleges that the Inland Revenue lost about £2m in tax because of the way the company hired and paid workers through subcontractors.

Those sent for trial on the conspiracy charge are:

Mr. Alan Gravelius, 41, financial director; Mr. Cecil Nightingale, 62, manager of the company'a special services department; Mr. Dennis Searle, 50, general manager, southern division; Mr. David Gibson, 55, Scottish unit manager.

Mr. Ronald McGregor, 43, Scottish administration manager; Mr. David Mills, 58, Scottish contracts manager; Mr. Andrew Hendrey, 46, Scottisb wages supervisor; Mr. Norman Sberwood, 46, general manager, northern division and Mr. Ronald Reddy, 41, financial controller, northern division.

The two committed for alleged false accounting are Mr. Brian Bnckley, the company'a tax manager, and Mr. Edward Swaysland, an accountant. Reporting restrictions were lifted.

Royal hands over unit trusts

BY TIM DICKSON

THE ROYAL Bank of Scotland is handing over the investment and management responsihility of its two unit trusts to Henderson Administration, it was announced yesterday.

The change of ownership has the Department of Trade's blessing, will take place at the close of husiness on Thursday and affects 1,500 investors in the Netional and Commercial Incoma and Capital funds. These are valued at about £3m.

The group's links with the two trusts will not, however, he severed completely. Tha names of the two funds will he changed to Cabot Income Trust and Cahot Capital Trust but Williams and Glyn's Bank—a subsidiary of Royal Bank—will replace Alliance Assurance Company astrustee in both cases.

Mr. Walter Crosby, trustee and investment general manager of the Royal Bank said: "In recent times It has becoma lncreasingly difficult for the management of unit trusts, operated on a relatively small acale, to generate an adequate flow of funds.

"To create a viahle unit trust operation would have required a major marketing effort incompatible with the role of hranch bank managers as Independent financial adviaers."

The Royal Bank unit trust operation dates back to 1969. Investment management was originally carried ont on the Royal Bank's behalf by the Tyndall group and the funds were only brought fully In housa abont three years ago.

Neither fund has performed conspicuously well but the new management company, Henderson Unit Trust Management, bas been one of the more successful groups recently. It has 18 unit trusts—three of them exempt—and soma £110m of unlt trust funds under management.

Mr. Jeremy Edwards, Henderson's investment manager, stressed last night that no changes would be made without consulting unitholders first. "Whether ultimately we change the investment policy to avoid any overlap or merge them with other funds will be decided in the next few months."

Action against Law Society

BY ERIC SHORT

TWO SOLICITORS, Mr. James Swain and Mr. Alan McLaren, claimed ln the High Court yesterday that the Law Society exceeded its legal powers in setting np a compulsory scheme to lnsure solicitors against civil liability for professional negligence or hreech of duty. They are claiming a declaration that the lnsurance indemnity scheme set up in 1975 was null and vold.

Mr. Justice Slade was also asked to rule wbether or not *the Law Society was entitled to* retain for its own purposes, broker's commission received from the insurers on premiums paid by sollcitors. In 1978, the commission totalled £640,000.

The Law Society denied that the scheme did not comply with rules made under the 1974 Solicitors Act or that it was not entitled to retain the commission.

Mr. Leonard Lewis, for Mr. Swain and Mr. McLaren, pointed oot that before the scheme was introdoced, solicitors could do as they wished to insure against civil liability. Now the Law *Society* decided *the conditions* of the policy and the insurers. His clients accepted the principle of compulsory insurance. Tbe issue was wbether or not the rules permitted the type of scheme adopted.

He continned that the rules did permit the setting-up and maintaining of an insurance fund and that they gave the Law Society the power to take out a policy itself on behalf of sollcitors or to require solicitors to take out cover wlth authorised lnsurers. But he argued thet there was nothing in the rules to permit the preseot method of insurance under which the Law Society acted as an agent for solicitors.

The Law Society, said Mr. Lewis, baving made the arrangements for compulsory insurance, went further and made arrangements to receive a substantial part of the broker's commission. This meant that the society was clalming back part of the premiums pald hy solicitors.

The present insurance scheme was pnt into effect after 10,500 solicitors had voted in favour and 7,500 against. The premiums paid under tbe scheme in 1976 were £387 for a slngle *practitioner and £310* for a partner. They had risen to s 1980 forecast of £926 for an inner London solicitor and £712 for conntry sollcitors.

Mr. Swain, in a sworn statement read by Mr. Lewis, said that he and Mr. McLaren bad received numerous letters of support from solicitors throughout the conntry, mainly those with small practices.

The hearing continues today.

Docklands site dropped as Channel terminus

BY LYNTON McLAIN

THE Greater London Council has dropped, for the time being, its plans to usa the docklands area of east Loodon as a *site* for a Channel *tunnel* terminus.

Instead, a report from council officials has narrowed the possible sites to seven options, with five based on or near existing British Rail stations. Docklands remains an option, hut only as a "very long term solution."

Mr. Alan Greengross, chairman of the GLC'a planning and communications committee, said yesterday that docklands had long been tha council'a preferred site. It could give a "vital impetos" to plans for regenerating the area.

However, a terminus and new transport links lnto docklands would he "very expensive" and could be built only hy an acceleration of existing proposals for improved road and rail links.

The more practical options are Victoria, Waterloo, London Bridge, West Brompton, Olympia, Nine Elma, and the Bricklayers Arms area in south-east London.

The joint British Rail/French Rail plan for a single track tunnel under the Channel has heen evaluated by Sir Alec Cairncross *and his* report *is* with Mr. Norman Fowler, Transport Minister. A statement by tha Minister is expected before March 5.

A final decision on e fixed link across the Channel is dependent on the outcome of s European Commission evaluation of a joint report by Coopers and Lybrand and SETEC Economie, of France.

John Van den Bergh

Mr. John Van den Bergh, a former joint managing director of Van den Berghs and Jurgens, the Unilever Foods subsidiary, has died.

Born in 1909, he was a great grandson of Simon Van den Bergh, founder of the margarine business which subsequently formed part of Unilever.

Mr. Van den Bergh joined the sales side of Van den Berghs ln 1929 and became managing director of its subsidiary Craigmillar and British Creameries in 1939. From 1941 to 1946 he was in the RAF as a *squadron* leader and was awarded the MBE.

£62,000 for Newspaper Fund

FINANCIAL TIMES REPORTER

NEARLY £62,000 was raised by the annual appeal for the Newspaper Press Fund during the current year. This was annouoced yesterday at the annual lunch of the Fund st the Press Club in London.

Mr. Alan Hare, chairman of the Financial Times, was chairman of the appeal for 1979/80, and the appeal chairman for the next financial year will he Mr. Rohert Iliffe, of the Birmingham Post and Mail.

Lord Barnetson, senior vice-president of the Fund, presided in tha absence of Sir Max Aitken, who was unahle to attend.

Mr. Arthur Tietjen, the Fund chairman, said that lt paid ont more than £1,000 a week in grants and pensions. He thanked all those who had supported it ln the past year.

Chagall sets record price

SALEROOM

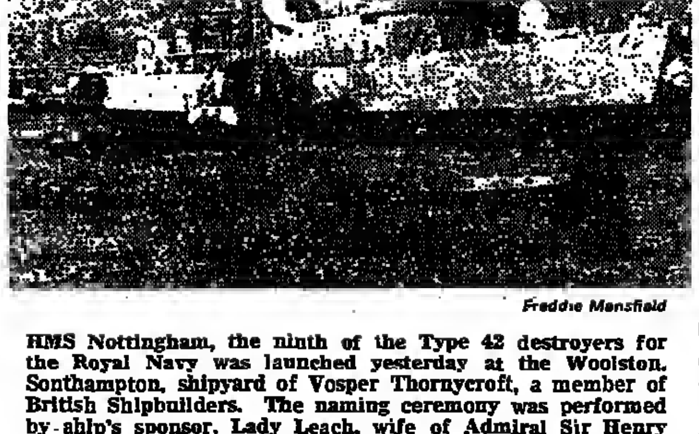
BY ANTONY THORNCROFT

CHRISTIE'S THREE-DALE sale in Tokyo over the weekend produced £2,741,566, and a record auction price of £139,285 for a work by Chagall. His Fiancés was hought hy Mr. Seijiro Matsuoka, the Japanese collector wbo also has his own private museum, and it established a record for a painting hy any living artist.

A Boonard landscape sold for £25,000 and a portrait of Utrillo by Kees van Dongen for £21,428. Among the Oriental works of art a Ming green and yellow jar decorated with five clawed dragons sold for £63,716 and an early Ming blue and white pilgrim bottle, sent for sale by a Yorkshire private collector, realised £56,637.

A feature of the sale was the high prices paid for pieces by the English potter, Bernard Leach, who is well known in Japan. His works totalled £25,327, 50 per cent ahove estimate.

While Christie's was holding its first aale in Japan for more than a decade Sotheby'a was conducting its annual auction of jewels at St. Moritz. Diamonds did particularly well, establishing a new auction record of $1.3m (jewels are always calculated io dollars) for a singte atone. This was a ring set with a diamond weighing 21.54 carats, by Harry Winston, which had been estimated at $1m. Antique and art deco items also did well, an antique diamond tiara necklace of tbe late 19th century made $97,000.



Freddie Mansfield

HMS Nottingham, the ninth of the Type 42 destroyers for the Royal Navy was launched yesterday at the Woolston, Southampton, shipyard of Vosper Thornycroft, a member of British Shipbuilders. The naming ceremony was performed by ship's sponsor, Lady Leach, wife of Admiral Sir Henry Leach, Chief of Naval Staff and First Sea Lord. The Nottingham is the second of it's type built at Woolston and the ship has a displacement of 4,000 tons. The main armament consists of the Sea Dart ship to air/ship to ship missile system. A complement of 280 ls carried.

● NEWS ANALYSIS—BANK OF ENGLAND RECOMMENDS LIMITS ON BANK LOSSES

Plan for tighter control of foreign exchange dealings

A BANK OF ENGLAND consultative paper, which proposes limits on the extent to which a hank can suffer loss as a result of currency exposure was circulated to banks operating in the UK last week.

The paper sets out to establish a framework of supervision for foreign exchange dealings. Banks are asked to observe its proposals during the consultative period.

The following ls an abbreviated version of the paper which has already attracted considerable interest in hanking circles:

Exposure to the risk of movements in foreign exchange can arise in two ways: as a result of the structural position of a bank or of its dealing position.

All exposurea arising from foreign currency operations, other than those of the agreed structural position, will be regarded as a dealing position, to which the exposure limits described ln the succeeding paragraphs will be spplied.

For institutions registered in the UK, losses or profits will arisa as a result of translating foreign exchange positions into sterling and will be a charge on a capltal hase expressed in sterling. It seems logical, therefore, that for the purpose of monitoring and control positions and limits should be expressed ln sterling.

For translation purposes, the "closing rate" method of valuation and is preferred by the Bank to the alternative "temporal" method.

A bank'a exposure needs to be viewed ln terms of the total of its positions in all currenies (including gold) and its net position in any individual currency against all other currencies (inclnding gold).

The Bank therefore proposes limits on the aggregate of all positions as defined helow and on the extent to which an open position can be taken ln any one currency. These limits will restrict both a bank's overall exposure and any undue concentration of exposure to foreign exchange risks.

One element of a sterling-based bank's overall exposure is lts net foreign currency position held again sterling, more easily measured as the net position ln sterling (altbough in part this arises as e resldual).

The risk of a loss arising from an open position ln sterling is no different from that arising from an opeo position in any other currency. The Bank therefore propose that the net open position in sterling should be included in both limits.

It would be possible to express these limits in a number of ways, either in absolute money terms or as a proportion of some element of the balance sheet.

In the opinion of the Bank it would be most appropriate to relate the acceptahla level of exposure ot a hank'a capital base, because it is from this source that the loss must be made good.

The Bank proposes that the aggregate poaition thst a bank may take should not exceed 10 per cent of its capital ebse.

It similarly proposes that the maximum ecceptable position in any one currency sbould also he defined in realtion to a hank'a capital base rather than as some absolute amount.

Clearly because of the element of concentration this should he a smaller figura than the limit on the aggregrate position. The Bank proposes therefore a limit of 3½ per cent of the capital base.

The limits have been set at levels appropriate for banks with aubstantial experience in foreign currency operations. For small institutions or institutions with limited experience in foreign currency business (which are likely to include most licensed deposit-takers), more restrictive limits may well he appropriate and, in such cases the Bank proposes to establish individual limits in the light of circumstances.

The limits proposed for prudential purposes represent the limits which the Bank would expect to accord with e market view of what ia prudent in normal circumstances. To monitor banks' positions, the Bank proposes to call for returns to be made at the end of each month.

The Bank proposes that the new system should apply to the operations of UK and overseas hrancbes of banks Incorporated in the UK.

These operations ere undertaken by a single legal entity and, with the development of glohal foreign exchange markets, the Bank considers it esential that banks, and their supervisory euthorities, should monitor exposures on a world-wide basis.

However, the Bank sppreciates that some banks are still developing their internal reporting systems, and a new statistical return will have to be agreed before monitoring on this basis can be formally Instituted. The Bank wishes to introduce this as soon as is practicable.

Under the Banking Act, the Bank has enpervisory responsibility for the UK branches of foreign banks, *although*, in fulfilling sucb reaponsibility, it is enabled under the Act to place aubstantial reliance on supervisory authorities in the parent country.

In furtherance of this responsibility and in order to assure orderly foreign exchange markets in tha UK, the Bank proposes that the operations of foreign banks in the UK should be, in principle, suhject to the same system of prudantial limits as those applled to UK banks.

Telling people where to invest is as important to us as telling people where to go.

A lot of people turn to the English Tourist Board for advice before they set off on holiday.

They find the information we give them makes a big difference to their enjoyment of a region.

But instead of going on holiday, say you were going to build a hotel. Would you consult the ETB about its location?

Probably not.

Yet an important part of our job is to help investors pinpoint development opportunities in areas needing them.

It goes hand in hand with the work we do to promote those areas for holidays.

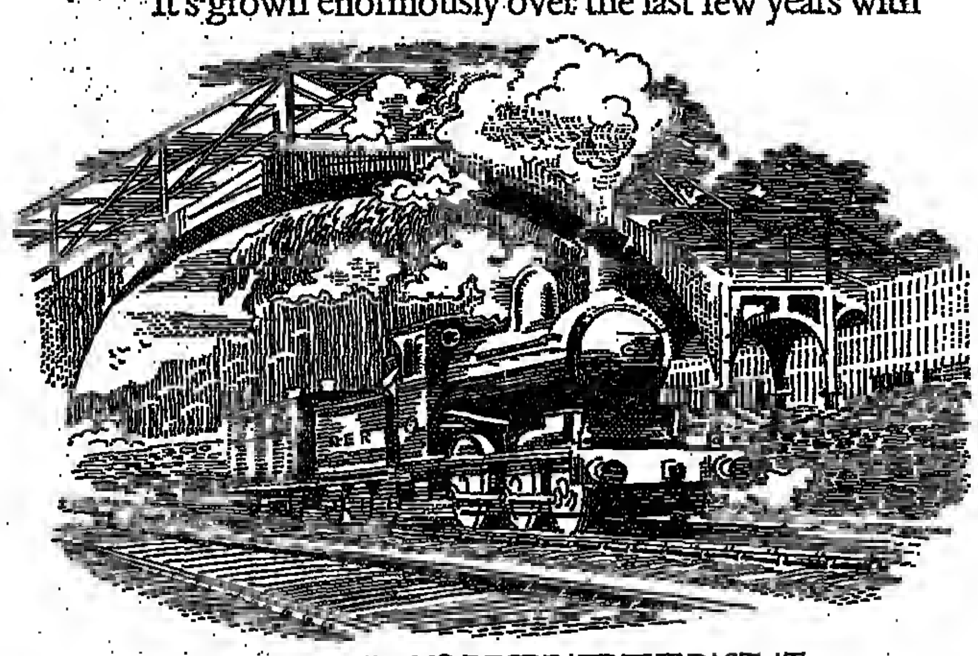
WE'RE RUNNING A TV CAMPAIGN TO ENCOURAGE TOURISM IN THE NORTH.

At the moment, for instance, there's a campaign on TV to persuade people in the South to visit the Northcountry.

You've probably seen the commercial featuring Spike Milligan.

The size of the campaign reflects the size of the tourist industry today.

It's grown enormously over the last few years with



THE ETB HELPS TO RECREATE THE PAST AT THE NORTH OF ENGLAND OPEN AIR MUSEUM.

an increase in visitors from overseas of over 90% between 1971 and 1979.

But if we are to continue to attract overseas tourists, and more important perhaps, are to persuade those who live here to take their holidays here too, it's vital we provide the facilities they expect, especially in areas at present lacking them.

This is why the ETB want to encourage investment in tourism and why perhaps we could be helping you.

What kind of scheme are we interested in?

Let's look at some examples. They should also give you an idea of the scope of our experience in helping investors.

One of the largest and most imaginative schemes we've been involved in is The North of England Open Air Museum at Beamish.

AT HOMELEIGH AN ETB GRANT HELPS RETAIN THE CHARACTER OF TWO CONVERTED BARNS.

Begun in 1970, it covers two hundred acres of parkland near Chester-le-Street and is a recreation of the region's history and way of life.

Many of the attractions were developed with ETB's financial assistance, including a farm, a colliery with a row of pitmen's cottages, and a tramway, and our involvement is continuing into the eighties.

Beamish attracted 300,000 visitors last year. By 1985 the figure is expected to be over half a million.

It's a good example of the sort of large scale investment we hope to see more of in the future.

Obviously few of the 40 or so projects that arrive at the ETB each week in search of help and advice are on such a scale.

But regardless of size, we're looking for quality and viability in a scheme.

The following is a good example of this.

When Mr. Buchanan approached us he had two disused farm buildings at Homeleigh that he wanted to convert into self-catering accommodation.

In order to retain the Cornish character of the barns, and to complete the work to a high standard, he needed our help.

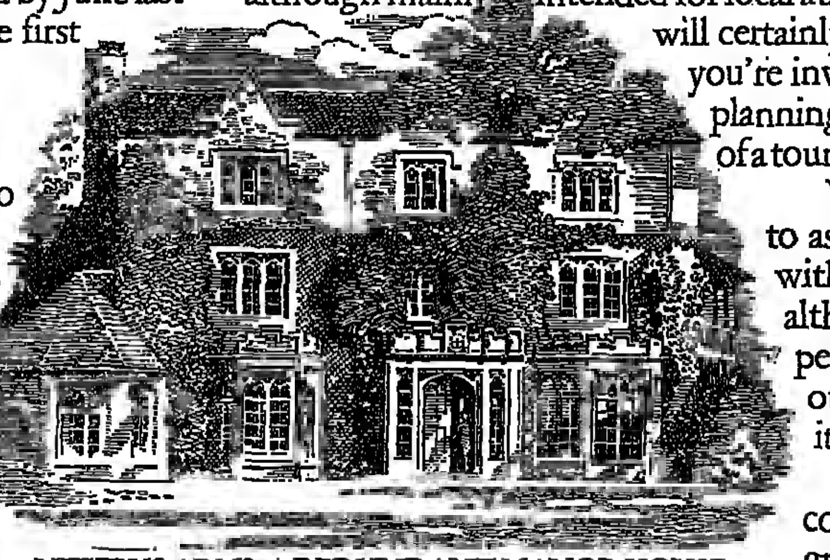
We gave him our advice and a grant, and by June last year the accommodation was ready for the first ten guests.

It's projects like this, where existing buildings are improved with care and consideration, that we're only too happy to assist.

The Newbus Arms is another example.

Set in quiet countryside 3 miles east of Darlington, this Gothic manor house had been standing empty until Mr. Paxton bought it in 1976.

Owner of a construction company, he was, like many of the businessmen we've helped, looking for an opportunity to diversify his business interests.



NEWBUS ARMS. A REDUNDANT MANOR HOUSE HAS BECOME A COMMERCIALLY SUCCESSFUL HOTEL.

We liked his plans for converting the house into a first class hotel and agreed to help.

We're particularly keen to encourage this type of investment, as often the properties concerned are in areas with little or no accommodation.

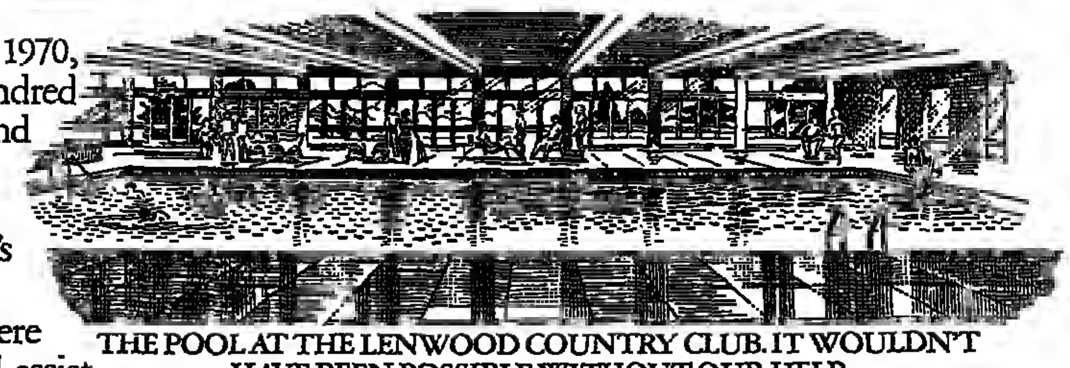
Sometimes the best way to attract holidaymakers to an area, and at the same time extend the holiday season, is to develop a complete range of facilities.

This is what a London firm wanted to do at Northam, North Devon.

They'd bought a Georgian house and 17 holiday bungalows in 1969. Then eight years later they decided to redevelop the site and approached the ETB with their plans.

There was to be 59 self-catering chalets, a swimming pool, squash court, tennis courts, putting green, games room, restaurant and club bar.

It was exactly the kind of development that's needed in many areas of England in order to attract visitors, particularly from overseas, away from the well-known and often congested holiday centres. With our help, Lenwood Country Club re-opened in 1978.



THE POOL AT THE LENWOOD COUNTRY CLUB. IT WOULDN'T HAVE BEEN POSSIBLE WITHOUT OUR HELP.

But how, exactly, could the ETB help you?

Obviously we'd need to talk to you to answer that, but it might be an idea if we looked more closely at the different kinds of help we have to offer.

Perhaps the hardest part for anyone investing in tourism is getting to know about the opportunities that exist.

That's why, a short while ago, we produced a series of regional portfolios of Development Opportunities in Tourism. Already they've led to a major hotel development and there are others under consideration.

Prepared in collaboration with the relevant regional tourist boards and local authorities, each one gives background information on the area and, where known, specific development opportunities in four categories of tourism: serviced accommodation, self-serviced accommodation, leisure facilities, and business facilities.

Each regional portfolio costs £10 and all information in them is continuously under review.

They can reduce significantly the time and effort normally taken to locate a site for development, especially as each location has been checked with the local authority.

So if you're contemplating a self-catering development, for example, you can get a good idea of the type of investment most likely to be profitable and least likely to meet planning objections.

You'll get further help, too, from our series of Development Guides that deal, in particular, with various aspects of taxation and legislation.

And a new series, Planning Advisory Notes, although mainly intended for local authority planners, will certainly be of interest if you're involved in the planning or management of a tourist development.

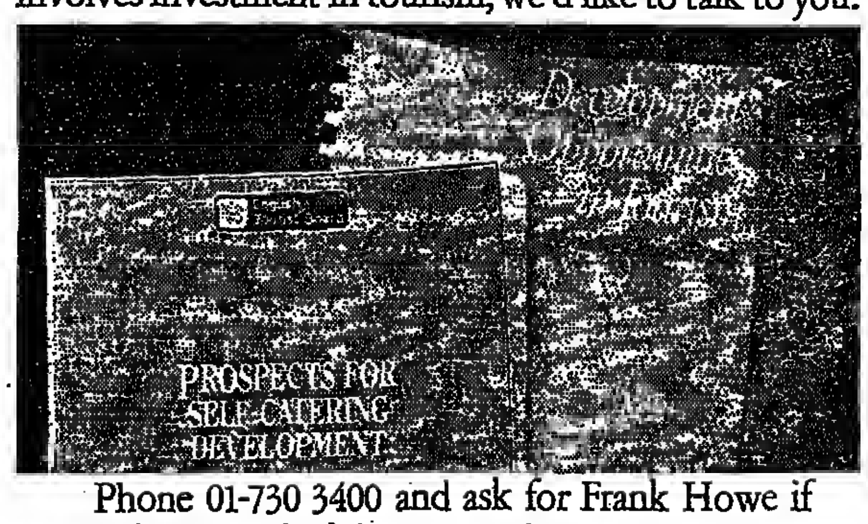
We may be able to assist financially with a project too, although this depends, amongst other things, on its location.

We can only consider loans and grants for projects in Assisted Areas; that is Cornwall and parts of Devon and the North of England down to a boundary stretching roughly from Stoke-on-Trent to Skegness.

However, we can give advice on investment in tourism for the whole of England, and we maintain close contacts with the Clearing Banks and other major sources of finance who are increasingly sympathetic to supporting investment in tourism.

We offer the most comprehensive range of information and expertise on tourism matters. But if we are unable to help, we're usually in touch with someone who can.

No matter the project you're considering then, if it involves investment in tourism, we'd like to talk to you.



Phone 01-730 3400 and ask for Frank Howe if you'd like general advice on tourism investment in England, or Paul McKeough for details of grants and loans for specific projects in Assisted Areas.

English Tourist Board

English Tourist Board, 4 Grosvenor Gardens, London SW1W 0DU.

New cooker trends cut British sales

THE CHANGING trend in electric cooker design away from free-standing to built-in eppliances is hitting British manufacturers in a market which has traditionally been nne of their strongholds.

Figures from the Association of Manufacturers of Domestic Electrical Appliances sbow imported cookers took 20.5 per cent of the UK market in the first 10 months of last year, double the 10.25 per cent of January-October, 1978.

Appliances covered by these statistics include free-standing, built-in cookers, table tops with nven and ring nr grill and boiling plates, but exclnde microwave ovens end individual grillers and toasters.

The market for free-standing electric cookers is almost static, with sales of sbout 580,000 a year. Importers have not taken so mucb of this market.

Built-in eppliances form the nnly major growth srea fnr electric cookers, and it is here the importers have been making inroads. Thorn Domestic Appliances, whicb pioneered the built-in cooker in the UK several years ago, now has sbout 50 per cent of this market compared with the 85 per cent it once accounted for.

Thorn's own figure, based on slightly different classifications from AMDEA's, show imports taking 21 per cent of the market for built-in units during the 10 months compared with about 12 per cent in 1978.

However, the company claims thst the overall market penetretion of imported electric cookers — free-stending and built-in — excluding the other goods covered by AMDEA statistics was 7.3 per cent in the ten months to October, 1979, compared with only 4.3 per cent in the same period of 1978.

Microwsve ovens, which are not classified by either AMDEA or Thorn as electric cookers, bave suffered mixed fortunes in the UK. Thorn is the only British manufecturer, and import penetration is high, but no figures are available.

About 80,000 a year are sold in the UK, with the U.S. and Japan the main source of imports. The market started to Increase in 1978, but fears about safety caused sales to drop rapidly, lesving high stocks of imported goods in the UK.

Towards the end of last year, interest in microwaves begsn to revive and sales have been steadily increasing. With stocks bigh, imports bave not reflected this increase.

Juggernaut ban sought

BY LYNTON McLAIN

THE Greater London Council wants to bsn some of the biggest juggernant lorries from the capital ahead of possible plsns by the Government to raise maximum permitted lorry weights in line with European Commission policy.

The council fears thst the Government may accede to EEC policy — which calls for maximum weights of up to 44 tonnes gross.

Mr. Alan Greengross, leader of the GLC planning and communications committee, said yesterday: "These buge lorries pose a tremendous environmental threat to London. We plsn to explore ways of banning these monsters."

Industry Secretary warns Co-op Agency on cash

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SIR KEITH JOSEPH, Industry Secretary, has warned the UK Co-operative Development Agency it might not be granted more government cash for administrative expenses when its initial £900,000 runs out in 18 months.

The agency was set up under a 1978 Act to encourage the growth of co-operatives —particularly in industry. Sir Keith has said the agency can continue to carry out this function using the £900,000.

But be has warned Lord Oram, the agency's chairman, that it "should nnt be taken for granted" that a second tranche of £600,000 provisionally provided under the Act would be forthcoming.

This means the agency has just over a year to build up its work sufficisntly to be able to mount a case for further funds. It is exploring possible co-operative ventures for some London local authorities and studying the feasibility of other projects.

It hopes to bave built up enough businesses to achieve fee income of £50,000 e year by the end of the 1980-81 financial year. This would help to make it self-sufficient, and reduce its reliance on State funds.

UK textile industry should 'share blame'

BY RHYS DAVID

BRITAIN'S COTTON and allied textile industry must taks some of the responsibility for its decline in recent yesrs and cannot blame low cost imports entirely, says the first report by the sector's recently establisbed Economic Development Committee.

The conclusion is prompted by the sector's very poor performance in 1978 when UK consumer spending on clothing rose 9 per cent in real terms, resulting in s 9 per cent rise in apparent home consumption of cotton and manmade fibre cloth. Imports of woven fabric rose 20 per cent in this period, with 30 per cent of the increase coming from developed countries—mostly other EEC members.

Imports of printed fabrics grew by 63 per cent with nearly all the increase coming from developed countries, while UK weaving production fell 2 per cent and output in printed rose by only 2 per cent.

The industry is criticised for not responding fast enough to changes in fashion, such as the growth of corduroy in recent years. UK consumption doubled between 1977 and 1978, but limited production capecity meant very little of the increase went to home producers. The UK was also slow to respond to cbanges in the print market.

The report says: "While the UK's difficulty in competing on equal terms with developing countries is reedily understandable, its problems in matching the performance of high cost competitors are disturbing, perticnlarly given thst the UK's wage costs are considerably lower than those of most other developed countries."

The industry is told bluntly thst it must operate more effectively in the EEC, winning a bigger share of the European market and claiming back some of the domestic market sbare lost to imports. This will require attention to be paid to productivity which, according to the report, is lower on sverage than in other developed countries. A study of ways in which productivity can bs improved will form e major part of the committee's work in 1980.

The report sccepts that the UK industry bas been weakened by the high level of imports, depriving it of some of its bulk markets and exerting pressure on prices. This in turn bas affected the industry's ability to invest in new plant.

On the positive side, bowever, tbe industry is given credit for the efforts it has made to boost prodnctivity, for its willingness to introdnce shift working and for its outstanding labour relations. In spite of the various problems the sector, which in 1978 had an output worth £1.68bn, bas been prepared to invest more than £550m since 1970.

The committee's message is thst the framework of controls on low cost Imports needs to be retained when the present round of the GATT multi-fibre agreement comes up for renewal in 1981. Safeguards against disruption of EEC markets by Greece, Spain and Portugal are also recommended, with action to ensure that low-priced U.S. exports are held in check.

The Industry is urged to look very closely at the possibility of introdncing microprocessor technology, particularly in finishing.

Cotton and Allied Textiles EDC. Progress Report 1980, Millbank Tower, London SW1P 4QX.

Stevenage heads for property sales target

BY ANDREW TAYLOR

STEVENAGE new town is well on the way towards meeting its £20m target of property sales as part of the £120m new town asset disposal ordered by Mr. Michael Heseltine, Environment Secretary.

It is understood that £16m of sales hsve now been egreed, the largest deal involving the Grester London Council pension fund whicb bas agreed to pay £12½m for a town centre sbopping complex.

Massey Ferguson has agreed to pay around £1m for s parcel of industrial properties.

Stevensge borougb council is strongly opposed to ths sales and has sponsored s Private Bill in Parliament to estsblish a new public agency to scquire £55m of commercial and industrial assets owned by Stevenage new town.

However, the Bill so far bas failed to be "nodded through" for s second reading because of opposition from Conservative MPs.

Brokers concerned by Budget proposals

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A WARNING thst the Budget could disappoint financial markets came yesterday from stockbrokers James Capel in a circular which highlights soma of the City's reservstions sbout the Government's fiscal and monetary policy.

The brokers note that in the past three months the Government bas built up expectations of a tough Budget in the spring end a public sector borrowing requirement of £9bn to £10bn in 1980-81 wbich has been discounted in gilt-edged prices.

"However, there is now the serious possibility that expectations on the borrowing requirement will not be fulfilled except by cosmetic devices such as further sales of publicly cwned equities and advance sales of North Sea crude oil."

James Capel suggest this might not impress financial msrkets since some of the measures would be merely a change in the method of financing borrowing. The brokers therefore say the Government should shelve the statutory obligation to increase income tax thresholds each year in line with past infistion and make no chenge in indirect tax retes.

"Together with specific expenditure cuts of about £700m and some reduction in the UK's EEC Budget contribution, this would enable s real rednction in Government borrowing to occur with zero impact oo the price level and inflationary expectations."

Looking to the medium-term, brokers Capel-Cure Myers suggest revenue from North Sea oil will be larger then the public sector borrowing requirement by 1983.

On the assumption of s modest rise in production and an average rate of growth in the price of crude oil of 10 per cent a yeer, Government revenue income from the North Sea will be about £70bn between now and 1985.

Cepel-Cure Myers conclude that "the build-up of North Sea related revenue will considerably assist the Government in meeting its financial objectives and provide greater fiscal flexibility. This will certalnly allow the Government to meet its election pledge to cut the basic rate of income tax from 30 per cent to 25 per cent before the next election, while still belping to resolve some of the financial problems facing British industry."

A fall in total output, as measured by real Gross Domestic Product, of 1½ per cent this year bas been forecast by Staniland Hall Associates, a firm of economic consultants.

SHEERNESS FACES MASS PICKET

Steelworkers 'not afraid'

BY OUR LABOUR AND INDUSTRIAL STAFF

WORKERS AT Sheerness Steel, which is working normally in spite of the national steel strike, said yesterday they would not be intimidated into joining the dispute.

A mass picket, including steel workers and miners from Kent and Yorkshire, is planned tomorrow to try to persuade the Kent steelworkers to obey the Iron and Steel Trades Confederation's instruction to stop work.

But Mr. Tarry Wstts, chairman of the Sheerness branch of the ISTC, said yesterday: "We are ready for the pickets, no mstter how many are sant down here. We are not afraid of them and we will certainly not be intimidated. My men will walk past them to get to work with the knowledge thst the lew is on their side."

The first sbortages of canned foods are expected to show by the beginning of April if the strike is not ended well before then.

That is wben the Food Manufacturers' Federation expects the scarcity of tinplste, used by the food canning industry, to be reflected in shops. The shortages will be in the less popular sizes of cans, rather than in actual brands of foods.

A sample of the federation's 317 members has shown production has not yet been interrupted, partly because many companies anticipated the strike by buying additional stocks of tinplate. Tinplate orders in December were 20 per cent higher than usual.

"There is nn need for panic, and we are pleased that housewives don't seem to be doing so," the federation said yesterday. Heinz was confident of maintaining output of 1m tins a day of baked beans, although the least bought sizes might have to be trimmed.

This was in sharp contrast to the gloom et Metal Box, which supplies 70 per cent of the can market and normally produces 6bn food cans and 2bn drink cans a year. It expects tn supply only a third of the demsnd for food cans this week, although it is meeting orders for beverage cans.

More than 4,000 of its workforce are laid off or taking an early holiday. Tinplste shortages have hit prodnction at 12 of its 24 "open top" plants, which make food and drink containers, and et two of its "general line" plants, which make non-food containers.

Meanwhile, the National Association of Steel Stockholders has warned that wide-sheet stripmill steel used in housebold "white goods" — washing machines, refrigerators, freezers—could start to become scarce in the next two to four weeks.

The association said that stockholders were "eking out supplies, looking after regular customers where possible."

● The 2,800 production workers at Austin and Pickersgill, the Wearside shipyard, went onto short-time working yesterday. A and P, which is probably Britain's most successful shipyard, won a spate of orders just before Christmas. As a result it is the most vulnerable of all Britain's shipyards to the steel strike, since it is using about 800 tons of steel s week. The day workers are working pn Tuesday, Wednesday and Thursday snd the night workers are working three 10 hour shifts one week, and two shifts the following week.

Target set for civil servants

BY OUR LABOUR STAFF

THE Society of Civil and Public Servants, the second-largest civil service union, yesterday announced its target figures for pay increases.

The targets are what union officials bope can be achieved in negotistions with the Civil Service Department, which will begin after the Government bas finally set the cash limit for the Service.

The union's targets last year for its 105,000 members closely corresponded with the final settlement level of 25 per cent, but CSD officials ere arguing this year that the link this time will not be so close. Independent Pay Research Unit comparability studies are likely to be somewhat lower than the SPS targets.

The targets are also expected to clasb with the cash limit for the Service to be fixed in the next few weeks. This is unlikely to stray too far above the 14 per cent level laid down at the end of last year for other public service rises.

Tbe union's targets would take the maximum pay level of an executive officer from the present rate achived in January of £5,700 to £7,000; a higber executive officer from £7,250 to £8,900 s senior executive officer from £8,900 to £11,200 and a principal from £11,750 to £14,700.

The union has not set target figures for the next two grades, Senior Principal and Assistant Secretary, which are affected by the pay levels swarded to senior civil servants by tbe Top Salaries Review Body, chaired by Lord Boyle.

BL unions want vote on Robinson

BY ARTHUR SMITH

SENIOR shop stewards from Longbridge, Birmingham, last night urged the Amalgamated Union of Engineering Workers to call a mass meeting to involve all 18,000 BL car workers at the plant in a protest strike over the dismissal of Mr. Derek Robinson, the convener.

The joint shop stewards' committee, representing all unions st the plant, argued that the wbole workforce, and not just the 8,000 engineering members, elected Mr. Robinson convener. All employees should therefore be consulted at a mass meeting to decids whether to strike.

The call was being considered last night by the Birminghem Wsst district committee of the AUEW which had been expected to tell members at Longbridge to strike in line with the executive's finding that Mr. Robinson had been unfairly dismissed.

But the intervention of the joint shop stewards' committee, which is dominated by the Transport end General Workers' Union, can be expected to hsve provoked some resentment in the district committee, es Mr. Robinson is an AUEW member

Ballot

The district committee hes consistently supported Mr. Robinson, even though it is clear there is considerable resistance by workers to strike on an issue of principle.

The engineering union bas resisted pressure from the company for a ballot at Longbridge, but a mass meeting conld provide the test of shop-floor opinion thet many union leeders feel is necessary.

On the other hand, the AUEW will not went to be seen to be pressured by other unions, and will want to dictate the timing of any proposed action.

Assay future at risk

FINANCIAL TIMES REPORTER

FEARS for the future of the Birmingham Assay Office were expressed last nigbt as the result of a strike by more than 200 workers, some of wbom bave occupied the premises since last week.

Soaring prices of gold and silver this year have redneed the volume of work by around 40 per cent, and management bas proposed 50 redundancies.

Following a breakdown of talks with representstives of the National Union of Gold, Silver and Allied Trades, wbo suggested a reduction of working bours and other means of avoiding loss of jobs, a ballot of workers was carried out by the union.

Mr. Bryn Waters, district secretary of the union, said thst this showed 120 in favour of a strike and 65 against. No more talks with management were planned.

Attack on Housing Bill provisions

BY OUR LABOUR STAFF

LEADERS of 500,000 local government officers are calling for withdrawal of Housing Bill provisions which, they say, may cause s "severe conflict of loyalties."

Careers could be jeopardised by tbe Bill's proposals, the National and Local Government Officers Association says today in a letter to its political advisers.

The union says some proposals would empower the Environment Secretary to name individual officers and maks them responsible for prodnction of documents needed for sale of council bouses.

The clause would be used, it says, for councils opposed to sucb sales.

Expressing "alarm" at Clauss 22, Sec. 4, the union says its effect will be to put "considerable and unnecessary pressure upon individual local government officers."

NALGO said: "Some would have to choose wbether to obey ths Secretary nf State or their locally elected political masters.

"Others might face conflicting instructions from their political and professional superiors if, for instance, the 'reasonable steps' taken by the chief executive are to tell his junior to provide the information.

This will create difficulties for them end may in some cases place their careers in jeopardy."

The union says that proposals could produce great tension between officers and their employers.

Ferry switch as strike halts Sealink

BRITISH RAIL'S Sealink car ferry services between Harwich and the Hook of Holland were halted for e second day yesterday because of a strike by ship's officers.

Sealink said that passengers and their cars would be able to tranfer to ferries operated by BR'a Dutcb partner on the route, the Zeeland Steamship Co., but all freight services would be badly disrupted.

At this time of the year most trsffic on tbe route is freight.

The strike by 180 members of the Merchant Nsvy and Airline Officers' Association is in protest st alleged delays in settling e pay and conditions dispute. They plan a series of 48-bour strikes because they say management has not replied to their proposals.

Workers plan sit-in to save factory and jobs

BY RHYS DAVID

WORKERS AT a Stone-Platt textile machinery plant in Oldbam, Greater Manchester, are to strike and occupy the factory from today in protest against its proposed closure at the end of the year with the loss of 850 jobs.

The plant has been affected by a slump in demand for textile machinery and the collapse of plans to introduce alternative products. Management had earlier rejected a nnion request that notice of closure should be withdrawn and that 117 redundancies already announced sbould be rescinded.

The ection bas been organised by unions affiliated to the Confederation of Shipbuilding and Engineering Unions. It is expected to win the support of the dlstrict union committee.

Management is warning, however, thet far from causing a review of the closure decision it could bring forward the final closure and ruin plans to re-establish a smaller transmissions business employing 200 people elsewhere in Oldham.

The company supplies transmissions to other Stone-Plett textile machinery plants and to outside customers. It hopes that re-establishment of the business on a new site with e smaller workforce will enabie it to cut overheads and compete more effectively with other suppliers.

Mr. Keith Leech, UK regional director of Stone-Platt Electrical, the group company responsible for the Oldham factory, said yesterday thet a strike affecting the transmission business would destroy customer confidence and make it impossible to re-start the operation.

Chemical staff seek shorter working hours

CHEMICAL industry employers will face industrial action unless they concede shorter hours this year, the General and Municipal Workers Union said yesterday.

Mr. David Warburton, the uion's national officer for the industry, told shop atewards at the Albright and Wilson chemical plant at Whitehaven, Cumbria the unions would be seeking a cut in working hours throughout the industry.

Negotiations are due to start et the end of this month. Mr. Warburton gave employers until May to come forward with firm proposals to reduce bours.

"You should prepare for the worst," be told the shop stewards. "If we get a negative reply then in accordance with the decisions of the GMWU chemical conference in January, industrial action will commence from the beginning of May."

Fibre quotas 'almost a total failure'

BY PHILIP RAWSTORNE

THE Government was accused in tbe Commons yesterday of "almost total failure" in securing protection for the synthetic textile industry against imports from the U.S.

Mr. John Nott, Secretary for Trade, was greeted with a chorus of complaints and protests from both Labour and Tory MPs when he announced the European Commission's decision on Britain's application for import quotas.

He admitted that he was "not wholly satisfied" himself with the outcome of the Government's application.

"But we have to acknowledge the overriding duty of the Commission not to provoke a sudden surge of protectionism," he said.

The quota levels for polyester filament and nylon carpet yarn sbnuld cut imports from the very high level reacbed at the end of last year, Mr. Nott told MPs.

"But it is our view that they should not be so severe as to provoke retaliatory action . . . nor to create damage to the downstream textile and clothing industries whicb depend on the availability of low-cost fibres for the competitiveness of their own end products."

Trends

Though the Commission had refused a quota on man-made fibre carpets hecause imports accounted for only 8.5 per cent of tbe market, it would monitor the situation. It recognised the need for safeguards if present trends continued.

Mr. John Smith, Labour's trade spokesman, said that the decision would cause "dismay and alarm" throughout the industry.

The quota for nylon yarn would allow more imports this year than in the wbole of 1979; that for polyester filament was 50 per cent higher than the imports in 1978.

He told Mr. Nott that he had achieved "almost total failure" in protecting the industry.

"You have neglected a British national interest which it was your duty to maintain," Mr. Smith declared.

Mr. Nott retorted that the only alternative open in the Goveroment had hecn unilateral actioo.

"If we had acted unilaterally, within six weeks the quotas would have come off all together." he said.

He told Mr. David Steel, the Liberal leader, wbo called for a "buy Brilish" policy by public corporations, that Britain could not afford "a round of protectionism."

The quotas would raise prices in the domestic market and allow the industry time to readjust to competition, be added.

But MPs for the Lancashire and Yorkshire textile areas in particular voiced strong dissatisfaction.

Mr. Robert Atkins (C., Preston North) and Mr. Esmond Bulmer (C., Kidderminster) asked what further protection the industry could expect.

Balance

Mr. Gary Waller (C., Brighouse and Spenborough) said that the import of U.S. carpets was causing iocreasing concern. "If the present level of subsidised imports is not considered tn be causing serious injury, what level will tbey have to reach before action is taken?" be demanded.

Mr. John Lee (C., Nelson and Colne) said that many textile companies had been waiting for the decision on safeguards nefore deciding their own plans for factory closures or further investment.

The quotas would be regarded hy the industry as "totally inadequate," Mr. Lee said. He warned: "If a wave of closures does come in the next few weeks, you are going to be forced to take unilateral action."

And Mr. David Trippier (C Rossendale) told Mr. Nott that MPs would have great difficulty in explaining the Government's failure to take unilateral action when countries like France could get away with it.

Mr. Nott replied that the textile iodustry was far from united in demanding import quotas.

The Government had to keep a balance between protecting our industry from unfair imports and promoting our own textile exports. he said.

The Government had done all it could in present circumstances, he insisted.

But protests continued to rain on him from the Labour benches.

Dr. Shirley Summerskill (Lab. Halifax) said the decision would be greeted with "extreme disappointment and great dismay."

Mr. Ken Woolmer (Lab. Batley and Morley) said that the Government would have to deal with the foreign exchange rate. The over-valued pound was having a serious impact on the industry.

Mr. Jack Straw (Lab. Blackburn) attacked the Government's efforts as "too little too late."

And Mr. Tom McNally (Lab. Stockport South) said that the decision would create "despair" in the industry. Unless the Government took "robust action" many textile communities would suffer the same fate as the steel towns, he said.

The Government would then have only the "corpse of the industry" to bury.

Development agency denies Leiner claim

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Welsh Development Agency yesterday described as "misleading" a claim by Mr. Jack Loveland, chief executive of P. Leiner and Sons, that the agency had deliberately forced his company into receivership last week.

In his first public comment on the company's difficulties, Mr. Loveland, formerly investment director of the agency, had claimed that Leiner's—a major gelatine manufacturer—was the first victim of a new hardline approacb by tbe Government towards investment portfolios built up by the agency.

Replying, the agency says it bad for some time supported efforts to rationalise P. Leiner's operations, and to a far greater extent than its investment in shares.

"The agency believes it to be in the best interests of the company, now, that the Receiver shonld continue his investigation in tbe bope of saving a going concern at Leiner. This task will be made unnecessarily difficult by controversy and, in the circumstances, the agency has nothing further to say."

The agency invested £2m. in Leiner's share capital just over a year ago, its biggest single investment in a Welsh company.

Mr. Loveland said the agency bad issued an "insane" ultimatum for £500,000 when the company, with the support of its banker, was on the brink of concluding a major reconstruction of its capital hase.

Tbe recoostruction package, he said, consisted of selling its encapsulating plant to tbe British subsidiary of a U.S.-owned company, R. P. Shearer, for around £1.6m, concluding a £3.7m export deal with Romania to build a gelatine plant, and reconstructing the photographic gelatine side of the business.

Also, he said, the Leiner family bad agreed to relinquish their shares, which would have given the agency almost complete ownersbip of the company, and Leiner's banker bad been prepared to pay the agency weekly to allow time for an independent investigation of this programme.

But the agency insisted, said Mr. Loveland, on immediate commitment of £500,000 to its account from the Shearer sale. In the circumstances, the board felt it had no option but to call in the Receiver.

Edwards defends receiver decision

BY IVOR OWEN

THE timing of the decision to place P. Leiner and Sons, of South Wales, one of the world's leading gelatine manufacturers, in receivership was defended by Mr. Nicholas Edwards, the Welsh Secretary, in the Commons yesterday.

He refused to accept a suggestion by Mr. Alec Jones, Labour spokesman on Welsh affairs, that a "somewhat over-hasty judgment" bad been made.

Mr. Edwards stressed thet the company's deteriorating situation had been the subject of negotiations and discussions over many weeks.

"I do not believe that the suggestion of over-hasty action is true," he said.

Mr. Edwards emphasised that be had given "complete discretion" to the Welsh Development Agency, which only a year ago provided the company with a capital injection of £2m., in deciding bow to bandle a difficult and deteriorating situation.

Tories want to create a depression, Benn says

By Rhys David, Northern Correspondent

MR. Anthony Wedgwood Benn yesterday accused the Goveroment of seeking to create a major depression in order to increase tbe profit margins of industry. He also claimed that re-armament would be the solution eventually sought to the problems of unemployment.

In a remarkable speecb to about 3,000 trade unionists and students in Manchester, Mr. Benn claimed the Goveroment was attacking trade unions, cutting public expenditure, destroying the Welfare State, and deliberately creating unemployment, all to aid its friends in business. In the meantime oil revenues were being used not to improve industry but to finance the import of manufactured goods.

The policies were evidence of the failure of capitalism and the result would be as in the 1930s. "If you go to Jarrow, Clyde side, the North West or Ebbw Vale you will find that what brougbt full employment back was rearmament and war. It is no accident that this Government, faced with unemployment, is trying to wbip up cold war so that people will accept that rearmament is part of the answer.

"What brought Hitler to power was 6m unemployed. We will not accept that capitalism will solve its crisis by the extreme unemployment whicb was to lead to so many deaths in the Second World War."

Mr. Benn said it was not enough to overthrow the present Government. It had to be recognised that capitalism itself was in decline and decay. Whoever tried to run a capitalist society would be forced by the multinational companies and bankers to restrict tbe living standards of working people and shift responsibility to the trade unions.

Mr. Benn was heckeld during his speech with challenges to bis own record while in office. Other Labour Party speakers at the rally, which was organised by the Confederation of Shipbuilding and Engineering Unions, were greeted with shouts of "hypocrite." There were demands from the audience for support to be given to a general strike.

The policy formula offered by Mr. Benn was the Socialist rebuilding of British industry using North Sea oil revenues. The unemployed should also be used to build more homes, hospitals and scbools.

Fourth TV channel faces axe 'if unprofitable'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE fourth television cbannel might have to be scrapped unless it proves quickly that it can pay its way, Mr. William Whitelaw, the Home Secretary, warned the Commons last night.

He also gave a strong indication that the Goveroment is planning msjor changes in the structure of the ITV levy which the independent television companies pay.

Mr. Whitelaw said that be is reviewing the levy with the Chancellor of tbe Exchequer and he hinted that the intention was to lighten the financial burden on the companies to belp them meet the additional cost of providing the new channel.

At present the levy is 66.7 per cent of profits, although certain elements of profits are exempt. Currently the Government receives £69m a year from the levy.

Mr. Whitelaw made his remarks when he opened the second reading debate on tbe Broadcasting Bill wblcvh sets up the new service.

He told the House: "The fourth cbannel must be viable and self-snpporting. There are risks with any new venture and it may take a wbile to establish financial viability for the new service.

"But financial viability must be achieved and, if it is not, we sball be entitled to reconsider the future of the service."

account from the Shearer sail.

Mr. Clement Freud (Lib., Isle of Ely) intervened to ask exactly how long the fourtb channel would be given to prove itself.

The Home Secretary told him that there was no precise timetable but it would be "as soon as possiol and I don't believe that will be very long."

He explained that he and the Chancellor were reviewing tbe "whole operation" of the ITV levy.

"We are firmly of the view that the public should share in the profitability of the exploiting of a public monopoly," be went on.

"But we believe also that the companies should be encouraged to eb cost-conscious and we are anxious about the high marginal rate which the present system of levy, together with Corporation Tax, produces.

"I cannot therefore rule out possible changes in the levy system which might og beyond simple alterations in the rate."

The contribution of the independent companies participating in the fourth channel would be £70m in the first year and owuld be subject to review in the subsequent years.

Mr. Whitelaw did not consider that the fourth channel should constitute a direct and continuing charge on public funds. "Of course, it may well be initially that there will be a reduction in the levy," he added.

He also stressed that he would not countenance a fourth channel which intensified to an unacceplable level the compotition for ratings.

He also denied criticisms that the Conservatives were not implementing an election promise to establish a Welsh language television channel. He said that the fourth channel would have 12 hours a week in Welsh and, together with BBC programmes, there would be a total of up to 22 hours.

For the Opposition Mr. Merlyn Rees, shadow Home Secretary, who is opposed to the fourth cbannel going to the independents, said that Mr. Whitelaw's remarks had raised bis hopes. He thought the Home Secretary seemed to be saying that if the service did not make a profit it would come to an end.

Mr. Rees thought it was difficult to gauge the success of the proposed cbannel. Some people in the advertising business had told him they were not going to make any money at all. Others had said: "It is the usual gravy train."

The Labour Party were opposing the second reading of the Bill on the grounds that it did not provide an open broadcasting authority as the previous Labour Government had planned.

A Labour amendment claimed that the Government's proposals flatly contradicted the promise in the Queen's Speech that an early start would he made with Welsh broadcasting on the fourth channel.

More NEB assets to be sold before long, Trenchard says

THE GOVERNMENT bas dropped its £100m target for selling National Enterprise Board assets this financial year, Viscount Trencbard, Industry Minister told tbe Lords, yesterday.

"There is no longer the same pressing need for the NEB to provide £100m from disposals in the current yesr," he said. But he pledged that there would be NEB disposals "before too long" to follow the £38m sale of ICL shares before Chrisrnias.

He insisted that the Goveroment's £1bn general dispnsal target announced in the last Budget "is well on course" and would be realised.

Lord Lee of Newton, Opposition industry spokesman, described the Bill as "damaging and miserable."

"It is a blind swipe at the NEB and the Scottish and Welsb development agencies, in order to ensure that the private sector will expand and the public sector shall contract, he declared.

There was nothing in the measure to provide for an improvement in British industry. It was merely a Conservative manifesto commitment.

The Labour peers condemned the Bill because at a time of acute economic and industrial problems it restricted the ability of the NEB and he agencies to coninue their work in strengthening vital industries.

"The Bill is based on ideological considerations whicb have no relevance lo the problems of the nation." said Lord Lee.

Winding up for the Government, Viscount Trenchard said it was "dreamland" to think that the NEB could be the panacea for Britain's industrial problems.

But be agreed that both major parties, including the Conservatives, had in the past contributed to the "clobbering" of British industry with restraints on prices, profits and casb flow.

The Rolls-Royce move was the "right one." It would be nonsense to put another board of "equally eminent gentlemen above tbe board of Rolls-Royce and between them and the Government." he said.

"Rolls-Royce is an enormous company, if we have not got the Rolls-Royce board right, and I believe we have a very fine board, then there is no hope for Rolls-Royce." he said.

The Bill was given a second reading.

UK/U.S. double tax treaty ratified

BY MICHAEL LAFFERTY

THE UK/U.S. double tax treaty, which has aroused mucb controversy over the past five years was finally ratified by the Commons yesterday.

The treaty would never have attracted much attention had it not been for a provision in the original version which would have prevented U.S. states from applying their much-hated unitary tax systems to U.S. subsidiaries of British companies.

Under a unitary tax system a company's state tax liability is calculated not on its local profits but as a proportion of its worldwide income. It is a device designed to counteract transfer pricing which can be an important feature of multinational companies' operations.

Proposals

British companies operating in sncb statea as California and Alaska are not the only foreign companies to object to unitary tax. Accordingly, the plan to have the system banned for British companies was seen as an important test case which could then be extended to U.S. tax treaties with Japan, France and West Germany, for example.

But the han was not to come into effect. Controversy over the proposal boiled up into a major state vs. federal rights issue, with the result tbat the U.S. Senate failed to ratify the pact.

A period of re-negotiation followed, and a revised treaty eventually emerged with no ban on unitary tax.

Many British companies hit by unitary tax bave since argued that the UK should delay giving its approval to the revised treaty until the U.S. authorities sbowed greater willingness to act against unitary tax in other ways. It now seems to be accepted, however, that there is no further advantage in delay. Significantly, the anti-unitary tax lobby was only asking MPs to adopt a stance of reluctant approval for the treaty in yesterday's debate.

There is much more to this treaty than a dropped clause about unitary tax. It contains important tax provisions with consequences for companies and individuala on both sides of the Atlantic. Companies operating in the North Sea, in sbipping, real estate and insurance are affected by specific provisions. There are also measures covering entertainers, U.S. women married to Englishmen, and people receiving alimony.

Some of the more important changes follow:

DIVIDENDS: UK companies with U.S. subsidiaries will be subject to U.S. withbolding tax on dividends at a rate of 5 per cent, against 15 per cent under the old rules.

On the other hand, U.S. companies with UK subsidiaries will be able to recover half of the advance corporation tax paid on the subsidiaries' dividends. There will be a 5 per cent withholding tax on the cash dividend plus the ACT refund. There is also a restriction making it impossible for U.S. companies to claim refunds on dividends paid out of profits for periods more than 12 montbs before the investment was made.

Incorporation

These various changes mean that the balance of attraction between the use of branches and subsidiaries has altered in both the UK and the U.S. Companies operating in the UK will now find it more attractive for tax purpoaes to operate through a subsidiary, which is subject to tax on profits at an effective rate of 45 per cent after ACT relief. The rate for branches remains at 52 per cent.

Arthur Andersen, the chartered accountants, have published a guide* to the new treaty which predicts that a significant number of U.S. companies will now consider incorporation of their UK operations.

The treaty has the opposite effect on UK companies operating in the U.S., where the balance of attraction is now in favour of a branch operation.

NORTH SEA: The treaty provides that the UK continental shelf is part of the UK for tax purposes. This means that North Sea operations by U.S. residents will be subject to UK tax. Independent contractors will have to restrict their North Sea activities to less than 30 days a year to avoid UK taxes.

OIL COMPANIES: U.S. oil companies will be able to offset payments of UK petroleum revenue tax against their U.S. tax bills in the same way as corporation tax payments.

INSURANCE COMPANIES: UK insurance companies will be exempt from U.S. excise duties on insurance premiums.

REAL ESTATE COMPANIES: Rents paid to the UK will be subject to withholding tax at 30 per cent, against 15 per cent previously.

ENTERTAINERS: Artists, athletes and entertainers will be brought within the tax net of the U.S. or the UK when they travel to the particular country and earn more than $15,000 there per annum.

U.S. WIVES: Existing discriminatory rules affecting U.S. women married to Englishmen before January 1974 are removed.

ALIMONY: The basis of taxation is switched from the country of payment to the country where the recipient lives.

* The U.S./UK Double Tax Treaty, Arthur Andersen, 1 Surrey Street, London, WC1.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

New force from America

AS PART of a plan to take its sales outside the U.S. beyond the present figure of about 20 per cent, Computerised Power Typing (CPT) Corporation of Minneapolis has taken a 45 per cent holding in a newly formed company called CPT (UK), 55 per cent of which is held by Spicers International, the UK paper/printing machinery company.

The tie-up follows a year-long examination of the market by Spicers, which sees word processing as an inevitable adjunct of its printing equipment business, the two becoming increasingly convergent.

CPT is also in the process of negotiating other new marketing agreements in Europe, for example with Rotaprint in Italy and Austria. Already the company sells systems through Honeywell-Bull in France and TCV in Germany, and there are plans to extend operations to Asia and Africa through the export expertise of Spicers, which also has access to the Chinese market.

CPT, which restricts its activity to word processing and closely related products, is clearly poised to make a further impression on the world market, its turnover having already passed the $60m mark.

Chairman of CPT, Dean Scheff, who started the company 10 years ago, says that in the UK a principal market target will be the UK multinationals. With outlets set up, or about to be set up in many parts of the world, Scheff believes that CPT will be in a strong position to offer the widespread service and back-up needed by such companies.

So far as the UK is concerned, it is Spicers' intention to assist the new company to establish a strong base—it is understood that the CPT (UK) will soon be taking on two executives from a competitor company.

Coincident with these moves, CPT is introducing two new products into the UK, the 6000 and 8000.

More powerful of the two, the 8000 has a detachable electronic keyboard, full page crt display, dual floppy disc storage and a separate "petal" printer.

The display allows 54 lines of 240 characters to be shown, as black print on a white background. The discs allow 200 pages of text to be kept and the system can support up to three printing units. Up to 256 regularly performed tasks or formats can be programmed.

Model 6000 is a somewhat less powerful version, but can be upgraded.

More from CPT (UK), 28 Great Tower Street, London EC3R 5DE (01-283 3122).

Handles a complex payroll

SOFTWARE FOR the Gordon and Gotch Computer Group's Easipay payroll package is available for the complete range of Burroughs small, medium and large systems computers.

Developed originally for bureau service, and now employed by over 200 bureau clients, Easipay software has found a ready market among big Burroughs users.

Easipay is claimed by Gordon and Gotch to be one of the most flexible payroll systems available in the UK capable of handling the most complex mix of payment methods, pension schemes, holiday and special payment calculations.

Gordon and Gotch Computer Group, 32-38 Scrutton Street, London EC2A 4SS.

● COMMUNICATIONS

Finding the phone bug

ACCORDING TO Key Executive Safeguard there is still a marked unawareness by senior UK businessmen and officials of the ease with which conversations in a room can be illicitly transmitted elsewhere.

The obvious method, a small self-contained microphone and battery powered radio transmitter is seen as rather risky by the professional since it radiates an easily detected radio frequency signal, usually frequency modulated (FM).

A more sophisticated approach is to make use of the wiring in, and from the room, either phone cable or mains wiring.

Power line bugs can be connected wherever the cable is easily accessible and a device can be secreted. They take power from the 50 Hz line and rectify it to DC which is used to energise a small line transmitter fed from a miniature microphone. The transmitter generates an FM signal, or in more expensive units one employing hard-to-detect double FM modulation, and injects it into the mains cable along which it can travel to adjoining rooms or buildings on the same mains AC phase—possibly several streets away.

Since such a bug has a continuous power source and no batteries are used it can function successfully for years, undetected. It could be concealed in light fittings, behind switch plates or even inside a piece of mains operated office equipment. It is even possible to switch these devices off by a signal in the opposite direction if for example, the user thinks attempts are being made to detect them. But a security searcher could, in fact, switch it on again using similar techniques, as will be seen later.

A second group of bugs makes use of the phone line, employing the nine volts DC put down the line from the exchange to energise the phone instrument's carbon microphone insert. Since this supply is only available with the phone off hook, nickel cadmium batteries are used, charged while the phone is in use. A small FM radio transmitter then radiates the phone call to be picked up by a nearby radio receiver.

An extra twist is that a suitable small circuit can be used to bridge the handset cradle switch so that even with the phone on the hook, the microphone is live and the transmitter is radiating room sounds.

Possibly the most alarming device of all is the so called harmonica bug or infinity transmitter. These strange descriptions refer to a small unit which can be installed in the phone instrument or in a junction box and which can be dialled from any instrument on the national/international subscriber trunk dialling network.

The bug is sent special tones by the caller which have the immediate effect of inhibiting the bell which will only ring momentarily or not at all. The tones also activate the bug microphone and transmitter which will then transmit any sounds in the room back down the line to the caller, who may be in London or Los Angeles. Nothing is detectable at the local exchange, which registers the phone as having been picked up.

Even the sudden appearance of a spare phone skirting board junction box can be an object of suspicion. Recently exact replicas of these have been sold which are in fact a 9 volt phone line powered bug with microphone and sending unit that will convey any room sounds down the line to be received by suitable equipment between the box and the exchange.

Many of these bugs are detectable with suitable equipment, and Key Executive Safeguard has just launched such a unit contained in a briefcase.

Known as Teltale, it can, for example, detect the minute changes of line voltage or current that occur if a parasitic bug is drawing current from the phone line. Measurement resolution is 0.1 volt and 0.1 mA.

It also has an audio amplifier designed to be able to pick up transmissions on the line from sources other than the telephone itself. Loudspeaker output is provided.

To detect harmonica devices, Teltale can generate tones that will actuate them, room audio then becoming apparent on the line. Tone sweeps are used that can be manually or automatically controlled. In a more offensive mode, the unit will generate one kilovolt short pulses that will literally destroy devices used to bridge cradle switches.

Handsets can be checked to show up the replacement of standard handset microphones by "drop-in" audio surveillance units and lines can be checked for additional microphones other than those in the phone. Induction transmitters (that is, not directly connected to the phone line but inducing signals into it) can also be detected, as well as low frequency radio transmissions in the 0 to 150 kHz range.

Power lines can be monitored for use as transmission lines whether the carrier is normally or sub-carrier modulated.

More from the company at Belle Vue Terrace, Malvern, Worcester WR14 4PL (06845 3822).

GEOFFREY CHARLISH

● METALWORKING

Big show by 600 group

OVER 60 standard and advanced machine tools, together with specialised machine tool robots and ancillary equipment will be shown by the 600 Group at "MACH 80," the international machine tool exhibition to be held at the National Exhibition Centre, Birmingham, from April 22 to May 2.

Among the machines making their debut will be a new centre lathe, the Colchester Magnum 1250. This machine has been designed for heavy duty jobbing and production work. It is the largest centre lathe to be produced by Group member Colchester Lathe and is available in a gap bed version with three metres between centres.

The model to be exhibited has a 635 mm swing over bed and 390 mm swing over cross slide. It will accommodate workpieces up to 390 mm diameter, 3,000 mm in length and 1.75-tonne in weight. Power is provided by a 15 kW (20 hp) motor and 24 spindle speeds are available.

Highly sophisticated machine tools from VDF-Boehringer, VDF-Wohlenberg and Diedesheim, all in West Germany, will also be exhibited by another 600 Group member, Sykes Machine Tool Company.

In all, 11 items will be demonstrated by this company, and will include an element from a Diedesheim flexible production system incorporating conveyor linked machines, a VDF-Autoprogrammer 80, a VDF-B1T CNC input system and a VDF-B1T terminal.

With the aid of a Boehringer B1T terminal, it will be possible for prospective customers to design and programme their own workpiece from a given size of material. This programme can then be machined on either of the VDF-Boehringer CNC machines by transferring the data direct from the terminal to the control memory.

A similar operation will be possible on the VDF-Wohlenberg U1070 tee-bed lathe equipped with a VDF-Boehringer B1T control. Different contours may also be specified and transferred direct from terminal to the machine.

There will be four machines from VDF-Boehringer: a DN570 CNC B1T control universal turning machine; PNE480 and PNE710 CNC B1T controlled production turning machines and a D530 precision turning lathe.

● HANDLING

Mini-garbage collector

SMALL VILLAGES in France are used to having their garbage collected several times a week—this would not justify a fleet of large capacity dustcarts—and they are served by a miniature skip-loader system which has now been developed for use in the UK by Anchorpac, Bell Lane, Amersham, Bucks.

Supplied in kit form, the system is simply enough to be fitted by any local garage. In France, a Saviem or Citroën 3.5 GVW pick-up truck, is considered ideal, and the completed kerb weight of the vehicle (including the hydraulically operated lifting arms) is just 2.18 tonnes.

Anchorpac has also designed a miniature self-compacting unit which can be powered either by the vehicle itself or by a slave power pack on the ground. This mini-compaction system weighs 500 kgs and has a capacity for 3½ cubic metres of refuse.

Advantages of the mini skip concept to both Continental and UK refuse transporters are manifold, says the company—the system is more mobile, faster than a standard rear loading dustcart and it can also be used as a back-up, or general pick-up vehicle within a larger transport fleet.

● VENTILATION

All-purpose control

LANDIS AND GYR, the £250m turnover Swiss-based group with interests ranging from telephone equipment to electricity meters has been methodically rationalising its heating and ventilating product range since the acquisition some years ago of Billman Electro-automation and has now come out with Polygyr, a range of units that can be applied, it is claimed, to about 95 per cent of all heating, ventilating and air conditioning installations.

These units can be used to control temperature, pressure, humidity, differential pressure and absolute humidity as well as providing indication and various outputs to control other items of equipment.

There are two versions. The compact system is for use on simple ventilating and air conditioning systems where only temperature control is required and only one or two stages are involved, for example heating, or heating and cooling in sequence. This controller is supplied as either a duct immersion or a room mounted unit, the former having a long sensor which averages the temperature over its length.

The other device is a module controller which will accept signals from associated sensors and is intended for more complex control systems. It will work in conjunction with electronic step controllers, current valves and similar units used in control loops.

Plug-in setting range inserts are used to adapt the controller to the required controlled value and range. Such inserts are available for temperature for example, covering −20 to +450 deg C and others will set relative humidity, absolute humidity, pressure, etc. Various modes of control—proportional, proportional/integral—are obtained by altering plugs on an internal board.

Other plug-in sub-modules permit the setting of high and low limits on the controlled quantities, temperature cascade control and outside temperature compensation. In addition a service test sub-module can be plugged in to bring out on sockets all the parameter signal voltages.

The units work from a 24 volt supply and are simply wired.

More from the company at Victoria Road, North Acton, London W3 6XS (01-992 5311).

Governs the air flow

BUENSOD variable air volume air terminal units from Actair International, of Penarth Road, Cardiff, will give more accurate, flexible and economical control of air conditioning systems for offices, hospitals, public buildings, etc.

BTU Veloset units are pressure independent and sense air velocity rather than differential pressure. Thus they offer linear response from zero flow to maximum. The control accuracy of plus or minus 5 per cent, even at the lowest flow rates, is believed to be unique.

Air flow is governed by an opposed-blade damper system which minimises turbulence, energy loss and noise. It is operated by an external pneumatic actuator under the control of a Honeywell Velocitrol sensing system which reacts to changes in inlet air velocity required to satisfy the thermostat demand, within the limits imposed by the minimum/maximum settings of the flow selector dials.

Response to thermostat demand is smooth, with minimal hysteresis; and the system will automatically adjust for fluctuations caused by static pressure changes or other factors.

Consistent accuracy is ensured by the use of a patented airflow diverter which overcomes turbulence patterns caused by short radius bends a the unit inlet. This avoids the usual requirement for a minimum length of straight inlet duct and thus considerably simplifies system design and reduces overall cost.

Installation is also particularly simple as no calibration is required, so the terminal units can be installed even before internal room layouts and volumes are known. When the partitioning is complete and the air volumes required in each zone are known the minimum/maximum flow selector dials can be easily set before final commissioning. The flow selectors also allow individual terminal units to be shut down completely if the building is only partly occupied or if part is to be isolated for any reason—a frequent requirement in air conditioning systems for hospitals and laboratories.

Actair BTU Veloset terminal units are available in single and dual duct versions in various sizes for flow rates of up to 1.9 cubic metres per second and with full sound attenuation, or as basic units for use where separate attenuation is employed. Provision can be made for up to four rows of hot water coils in single duct units for reheat applications.

Actair is at Penarth Road, Cardiff CF1 7UG. 0222 387873.

● PROCESSES

A cleaner for electro-platers

WITH THE addition of three new alkali cleaners, there are now five highly efficient cost-effective immersion cleaners in its range says Pyrene Chemical Services, Ridgeway, Iver, Bucks (0753 651313).

Supplied as powders for make-up in water, all five can be used in mild steel tanks, says the company.

Pyroclean 608 is described as a versatile electrolytic cleaner for steel, that will derust, descale and decarbonise, and also remove phosphate coatings and some paints.

Pyroclean 620 is also for use on steel as well as zinc-based die-castings.

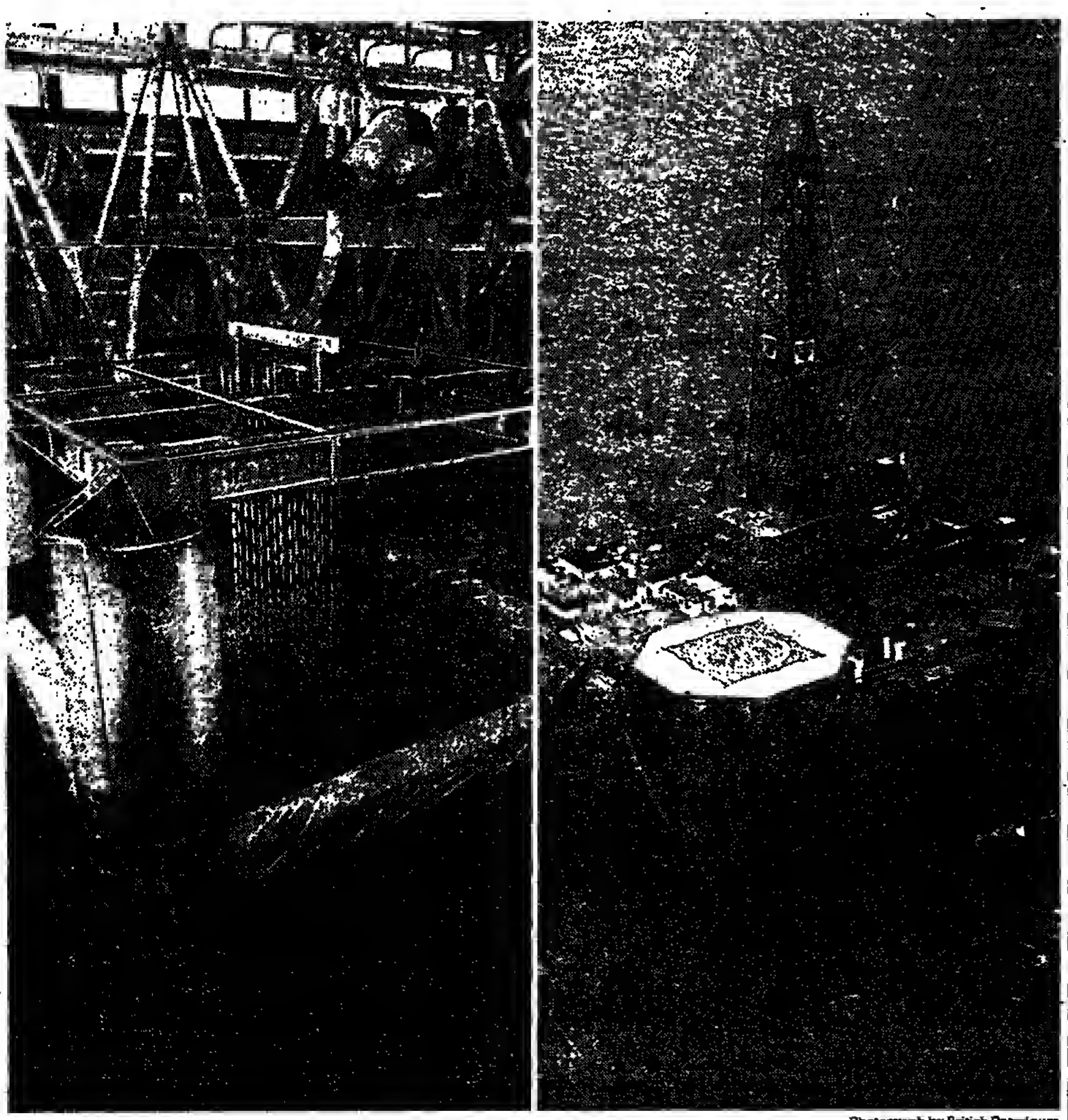
Pyroclean 630 is a heavy duty soak cleaner for multi-metal application, both ferrous and non-ferrous, including copper, zinc, aluminium and aluminium alloys.

● STORAGE

Collates the small parts

BASED ON a range of six different sized injection moulded polypropylene storage bins, called Montabins, is a completely new fully integrated system designed to streamline storage facilities and ease problems associated with product movement—particularly for small or difficult-to-handle products. The system is being offered by Bruynzeel Storage Systems, Pembroke Road, Stocklake, Aylesbury, Bucks. (0296 5081).

The semi-open front containers can be used in conjunction with a wide range of louvred panels and the company's Monta steel shelving, and can be stacked and interstacked independently, or slotted onto the louvred panels by means of a full width lip. Both front and sides are reinforced for added stacking.



Photograph by British Petroleum.

COMPANY NOTICES

REGIE NATIONALE DES USINES RENAULT

7¼% Lebanese Pounds Bonds due 1985

The seventh instalment of Bonds for a nominal value of £L5,000,000 have been purchased for redemption on 15th March 1980.

No drawings of bonds have therefore been made.

BANQUE BRUXELLES LAMBERT S.A.
BANK BRUSSEL LAMBERT N.V.

BASS CHARRINGTON LIMITED (BASS LIMITED)

7% 1973/1991 UA 30,000,000.-

NOTICE IS HEREBY GIVEN to Bondholders of the above Loan that the amount redeemable on March 1, 1980, i.e. UA 1,050,000.- was bought in the market.

Amount outstanding: UA23,400,000.-

Principal Paying Agent:
KREDIETBANK S.A. LUXEMBOURGEOISE

Luxembourg,
February 19, 1980.

CORRECTION OF THE NOTICE OF REDEMPTION OF THE COMMONWEALTH OF AUSTRALIA 8¾% 1971/1986 LOAN OF EUA 15,000,000

In the Notice of Redemption published on January 14th, 1980, the redemption price was erroneously stated as EUA 1,065.44 per Bond. The redemption price is EUA 1,064.78 per Bond, representing the applicable redemption price of 102.50% plus interest accrued to the redemption date.

BANQUE INTERNATIONALE A LUXEMBOURG
SOCIETE ANONYME
Trustee

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR's) IN MITSUI & CO. LTD., TOKYO

We are pleased to confirm that copies of the Semi-Annual Report for the six months ended September 30, 1979, of Mitsui & Co. Ltd. are now available to EDR holders upon application to the following sub-depositaries:

Citibank Branches in:
Amsterdam, Brussels, Frankfurt, Milan, Paris, Citibank (Luxembourg) S.A.
Kredietbank S.A. Luxembourgeoise — Luxembourg
Bank of Tokyo Branches in:
Brussels, Dusseldorf, London, Milan, Hong Kong, Paris.

CITIBANK, N.A.
London Depositary.

February, 1980.

UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 126
PAYMENT OF COUPON NO. 131

1. The Directors have declared dividend No. 126 (being the final dividend for the year ended 31st December 1979) of 43 cents Republic of South Africa currency per share payable to members registered at the close of business on 26th March 1980, and to persons surrendering Coupon No. 131 detached from share warrants to bearer.
2. This dividend becomes due on 27th March 1980 and dividend warrants will be posted on or about 1st May 1980.
3. All members with registered addresses or who advise addresses in terms of paragraph 5 hereof in Zambia, Rhodesia, Angola, Mozambique and all parts of the continent of Africa south of the southern boundaries of the said countries shall be paid from the Johannesburg Office and the warrants will be drawn in South African currency.
4. Members other than those referred to in the preceding paragraph shall be paid from the London Transfer Office and the warrants will be drawn in United Kingdom currency. Such members may, however, elect to be paid in South African currency provided that any such request is received at the Johannesburg or London Transfer Office on or before 26th March 1980. The rate for determining the rate of exchange at which South African currency will be converted into United Kingdom currency will be 8th April 1980. Payments in United Kingdom currency will be computed at a provisional rate of exchange of R1.983585 Republic of South Africa currency equals £1 United Kingdom currency. Should there be any difference that may be regarded by the Directors as material between the provisional rate and the actual rate ruling on 8th April 1980 or the first day thereafter on which the South African Reserve Bank is prepared to sell sterling, the London Transfer Office shall pay in United Kingdom currency calculated at the latter rate of exchange.
5. Members who desire to have their dividend warrants despatched to addresses other than their registered addresses or who desire to alter instructions already given in this connection must give notice to the Corporation to that effect on or before 26th March 1980.
6. Members must, where necessary, have obtained the approval of the South African Exchange Control Authorities and, if applicable, the approval of any other Exchange Control Authorities having jurisdiction in respect of such changes as are referred to in paragraphs 4 and 5.
7. Dividends payable in respect of Coupon No. 131 detached from share warrants to bearer and lodged at the office of the London Secretaries on or before 1st April 1980 shall be paid in South African currency on or after 2nd May 1980 in accordance with any instructions that may be lodged with the coupon. Dividends payable in respect of Coupon No. 131 lodged after 1st April 1980, shall be paid in sterling from the office of the London Secretaries in accordance with a notice relating thereto which will be published on or about 10th April 1980.
8. Dividend payments will be subject to tax deductions wherever necessary in terms of the laws of the Republic of South Africa and the United Kingdom.
9. In regard to questions relating to the payment of dividends stated to be payable from Johannesburg, South African law shall apply and where payable from London, English law shall apply.
10. The Register of Members and transfer books of the Corporation will be closed from 27th March to 7th April 1980, both days inclusive.
11. Under the Republic of South Africa Income Tax Act, 1962, as amended, a non-resident shareholders' tax of 15 per cent has been imposed on that proportion of the dividend declared deemed to be payable out of profits earned in South Africa. Accordingly a deduction in respect of this tax at the effective rate of 14.97 per cent will be made from distributions of the above mentioned dividend to members whose registered addresses are outside the Republic of South Africa and to persons surrendering coupons detached from share warrants to bearer irrespective of domicile.

By Order of the Board
per pro. UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. J. GAINES

London Secretaries
Princes House,
95 Gresham Street,
London EC2V 7BS.
London Transfer Office
Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL.
18th February 1980.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that:

1. Continental Illinois Limited of Continental Bank House, 162, Queen Victoria Street, London EC4V 4BS has relinquished the Principal's licence issued pursuant to Section 3 of the Act, having been declared an exempted dealer under Section 15.
2. Continental Illinois Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No 641) for the release of the £500 deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London SW1, not later than the 12th day of March 1980.

LEGAL NOTICES

**THE COMPANIES ACTS 1948 TO 1967
BETAM DELTA COMPANY LIMITED**

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 25th day of March 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to Keith David Goodman, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of February 1980.
K. D. GOODMAN, Liquidator.

**THE COMPANIES ACTS 1948 TO 1976
P. R. HOLMES LIMITED**

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 21st day of February 1980, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 6th day of February 1980.
By Order of the Board.
G. A. HOLMES, Director.

TRAVEL

GENEVA; Basle, Zurich and Berne, widest choice of cheap flights from 4 U.K. airports. Brochure FALCON 01-351 2191.

CONTRACTS AND TENDERS

**INTERVENTION BOARD FOR AGRICULTURAL PRODUCE
INVITATION TO TENDER**

Tenders are invited for the urgent supply of 1,000 tonnes of bagged soft wheat for delivery on a FOB stowed and trimmed basis to an EEC port for subsequent delivery to Nepal.

Delivery shall be in time to enable loading to commence no earlier than 25 March 1980 and no later than 2 April 1980.

The price for the supply and transportation costs of the cereal will be determined on examination of the tender which must be submitted by 12 noon on 11 March 1980 to:

Home-Grown Cereals Authority
Hamlyn House
Highgate Hill
London N19 5PR.

Notice of invitation to tender together with the tendering forms may be obtained from Branch 3 (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading RG1 7QW. (Telephone: Reading 583626. Ext. 264.)

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

APPOINTMENTS

Changes at Shelvoke and Drewry

Reorganisation of the Butterfield-Harvey Group management structure has resulted in a change to the board of SHELVOKE AND DREWRY the group's major subsidiary. Mr. Stanley Quin, chairman and managing director of the Letchworth company, has been appointed chairman of a number of the group's other engineering subsidiary companies and to devote more time to his wider responsibilities, has relinquished the post of managing director of Shelvoke and Drewry. As chairman he will continue to be actively involved in the company's affairs, particularly with its development strategy.

Mr. Frederick Hooson is joining the Shelvoke and Drewry board as managing director, having been employed by the Eaton Corporation for the past 20 years. In 1975 he was appointed managing director of Eaton Axles when he also became general manager of Axles Europe.

★

Mr. Basil E. S. Collins, managing director of CADBURY SCHWEPPES since 1974, is to become deputy chairman when Mr. Donald J. Methven retires following the annual meeting in May. Mr. Collins will take the title of deputy chairman and group chief executive.

★

Sir Robert Hunt chairman and chief executive of the Dowty Group joined the BL Limited Board today as a non-executive director.

★

Mr. Henry C. Abram and Mr. Peter H. Dunn have been appointed to the Board of SCOTTISH UNITED INVESTORS. Mr. Abram is chairman and managing director of Henry Abram, ship managers. Mr. *Dunn is chairman* of Brown Shipley and Co.

★

Mr. Patrick Mark has been appointed managing director of SIMPSON LABEL, of Dalkeith, Scotland, producers of self-adhesive labels and tags.

★

Three senior executives have been appointed to the Board of BRITVIC and MINSTER (SOFT DRINKS). Mr. David N. Dagwell, formerly distribution manager, has been made distribution director; Mr. John J. Hood, formerly marketing manager becomes marketing director; and Mr. W. J. Terry Regan, formerly sales manager, becomes sales director, England and Wales. The company's financial management has also been restructured. Mr. Graeme R. C. Scott has relinquished his responsibilities as financial director which he was formerly combining with that of deputy managing director, in which appointment he continues. Mr. Ray J. Jordan, for the past seven years Britvic's chief accountant, has been appointed financial controller.

★

HEPWORTH INDUSTRIAL PLASTICS, Padiham, Lancashire, a member of the Hepworth Ceramic Group, has appointed Mr. Kenneth Beardsell as commercial director and Mr. Lyndhurst Kendry as financial director.

★

Mr. Lionel Smith, for the past two years a director of WESTMORE ADVERTISING, has been appointed managing director. Mr. Philip Mellor and Mr. Ray Wilson, both founder directors of the company, become chairman and deputy chairman respectively.

★

Mr. P. G. Hopwood has been appointed managing director of DORMER DRILLS (SHEFFIELD) and that company has taken over responsibility for the operation of the Worksop plant from Dormer Machine Tools and Equipment. The parent concern is Sheffield Twist Drill and Steel, which is a member of SKF Group.

★

Mr. Graham Nicoll has joined Bain Dawes as a director of BAIN DAWES CREDIT.

★

LILLY INDUSTRIES, Basingstoke, states that Mr. G. J. Osborn, previously financial director of that company at its London office, is to be director of manufacturing operations for Eli Lilly. Mr. Neil Baxter, has become director of technical and marketing services at Elanco Products.

★

Mr. Alistair H. G. Holding-Parsons has been appointed a director of MIDDLETON FOSTER ANDERSON AND CO., a member of the Sterling Brokers' Association, from March 1.

★

Mr. J. N. Adamson and Mr. M. T. Lennon have been appointed to the Board of the BATH AND PORTLAND GROUP.

CONTRACTS

Foster Wheeler wins £14m plant order

FOSTER WHEELER, Reading, UK, has been awarded a contract worth £14m by Esso Petroleum Company for extensive modifications to its fluid catalytic cracking unit at Fawley refinery, Hampshire. The contract is for the engineering, procurement and construction of modifications to the cat cracker's catalyst regeneration and heat recovery system to improve conversion efficiency and save energy. Completion of the project is scheduled for early 1981.

★

One of the most challenging shut, strip, transfer and rebuilding engineering problems ever presented to Carrier-Ross, is to be carried out for C. Davidson and Sons, Aberdeen as part of a £7m rebuilding programme. The contract is for a dryer canopy and ventilation/extraction system with control equipment to be designed, supplied and commissioned for the No. 4 machine. This is to be rebuilt in a machine house to increase throughput capacity to over ten tonnes per hour.

★

FODEN, the Cheshire-based truck manufacturer, has won an order worth nearly £2m for 60 of its Haulmaster eight-wheelers. The trucks are being supplied to a Sheffield aggregates company, Steetly Construction Materials.

★

The Greater London Council has awarded Corrall Construction a £1.8m housing contract to carry out remedial work on 384 dwellings on its estate at Yeading Green, Ealing, W.5. The contract involves recovering all asphalt roofs, replacement of timber windows, reconstruction of tank room, roofs and doors, and additional surface water drainage to all roofs. The contract period is 16 months.

★

For the ninth year running the Post Office has ordered the DODGE Spacevan 2500 for its telecommunications and postal engineering business. The 2,452 Spacevans, worth about £8.5m, have a 1,725 cc petrol engine and four-speed synchromesh gearbox, and are built at Dunstable, Beds.

★

J. G. Van Loenhout B.V., Holland, a member of the Grayston Group, has placed an order with GROVE CRANES, Oxford, worth about £500,000. The cranes include an 80-ton, two 45-ton and a 30-ton capacity machines. They will be based at the Rotterdam depot of J. G. Van Loenhout B.V.

★

ACTAIR INTERNATIONAL has won a £300,000 contract for the supply of dust filters for Blue Circle Industries' Dunbar works in East Lothian, Scotland. They will form part of a waste heat recovery system which is being installed at the works to conserve energy and reduce production costs.

★

MATHER AND PLATT, Manchester, has won an order worth over £750,000 from NEI Parsons, for the supply of six 18/30 in. five stage 100 per cent. caisson-type condensate extraction pumps, and motors, for three 660 MW turbine-generator sets for Drax "B" power station, Yorkshire. This is a new coal-fired power station and delivery of the equipment ordered should start in 1982.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Banks Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%. 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 16¼%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

FINANCIAL TIMES SURVEY

Tuesday February 19 1980

INVESTING IN THE NETHERLANDS

Foreign companies account for a considerable share of economic activity in the Netherlands and provide two in ten jobs in trade and industry. While inflows of new investment occurred practically automatically in the past, the Dutch now realise that potential investors must be actively encouraged.

CONTENTS

INVESTING IN THE NETHERLANDS II

Economy needs foreign inflow

FOREIGN INVESTMENT is vital to the Dutch economy because foreign-owned companies supply 20 per cent of jobs in industry and account for nearly a quarter nf all industrial investment. Similarly, foreign portfolio investments play an important role in the Dutch securities and capital markets.

The depressed state of the world economy has led to a slackening of interest by many concerns in investing abroad, while many more countries are now offering incentives to attract the foreign investor. The stock and bood markets have also been neglected despite the fact that Dutch prices/earnings levels are among the lowest while average yields surpass most other bourses.

Liberal Dutch policies towards foreign concerns have meant that data nn the extent of foreign investment is sparse though talks are now going on between the Economics Ministry and the Central Statistics Office which, it is boped, will lead to more information becoming available. However, iovestmeot by a foreign-owned company financed by local borrowing will always be difficult to monitor.

Central Bank statistics of direct foreign investment show sharp fluctuations though the U.S. and the combined EEC countries are regular and substantial investors. New U.S. investment, including equity holdings and intra-company credits, was Fl 355m ($177m) in 1978, the lowest amount in eight years with the exception of 1977 when there was net disinvestment of Fl 36m ($18m). Total EEC investment amounted to Fl 494m in 1978, a larger sum than in the previous two years but well below the boom years 1973-75 when the figure was around Fl 2.5bn a year.

Detailed study

The most detailed study carried ont by the Central Bank of inward investment and outflows was published last autumn; this revealed cumulative foreign investment of Fl 29.3bn ($14.6bn) at the end of 1976. The EEC countries accounted for Fl 10.9bn and the U.S. for Fl 10.7bn. Other developed countries invested Fl 4.8bn while the developing countries spent Fl 2.8bn.

Industry accounted for the lion's share of investment—Fl 20.3bn—with the services sector taking Fl 8.6bn. As might be expected from the foreign-owned refineries and chemical plants which line the River Maas west of Rotterdam, the oil and petro-chemicals sector accounted for a large slice of this investment—Fl 8.1bn in all. The rest of the chemical sector took up Fl 4bn while the metal and electrical eogineering industry accounted for Fl 5bn. Foodstuffs and tobacco investmeot was Fl 1.5bn.

The U.S. dominates the foreign investment picture io the Netherlands. Cumulative investment by American companles accounted for 37 per cent of the total, according to the Central Bank's figures wbile Central Statistics Office figures sbow that new U.S. investment in Dutch subsidiaries and affiliates bas amounted to nearly 70 per ceot of total forelgn investment in recent years.

U.S. direct investment in the Netherlands came to a cumulative $4.66bn in 1978, an increase nf $608m on the year before, according to U.S. Department of Commarce figures. This puts the Netherlands on a par with Japan or Belgium and Luxemburg in investmeot terms and higher up the scale than Italy, Spain and Ireland.

U.S. companies invested $1.38bn in the petroleum sector, $847m in chemicals and $637m in the machinery sector.

Reasons for choosing the Netherlands as a place for investment given by foreign businessmen in a recent survey were the tax system, the high qoality of local managers and technical staff, the good infrastructure and the effectiveness of the administration system. Mr. Dan Piliero, chairman of the American Chamber of Commerce and managing director of Chevron Petroleum Nederland, cites the moderation of the labour nnlons, the low rate of inflation and bigh productivity levels. He also praised the present Centre-Right Government's efforts to atimulate the ecooomy and curb pnblic sector spending levels.

Mr. Gijs van Aardenne, the Ecooomics Ministers, lists the Netherlands' favourable geographical position at the centre of Europe and at the mouth of the Rhine as a strong point. While the Netherlands is a transit country for goods passing through, it also provides a large aod wealthy local market. The Dutch fiscal system is favourable to companies even if high levels of income-tax make it less attractive to senior staff, be added.

However, a report commissinned by the Economics Ministry and prepared by the American consultants McKinsey revealed in 1978 that the Netherlands was seen as less inviting by foreign investors than had previously been thought. It fared particularly badly in comparison with West Germany and was seen in an exceptionally negative light by Nnrth American companies.

Businessman questioned said they were put off by the small size of the domestic market, high wage costs, expensive social security premiums and the difficulty in making workers redundant. The increasing amount of time that Dutch workers were "off sick" also worried foreign companies.

The shock waves caused by this nnexpectedly gloomy report sent senior Dntch officials nff on world trips to reassure foreign investors that the picture was not as gloomy as the report suggested. Mr. Piliero sees the report as reflecting popular misconceptions abroad about the Netherlands which, in his view, bear little relation to the real situation.

The Dutch have gained a reputation for being progressive and socialist. While this image is to an extent true, similar advanced labour laws apply in many other countries, particularly in northern Europe and Scandinavia. Yet tbe Dotch are seen, unjustly in Mr. Piliero's view, as being the only ones to bave developed these policies.

The McKinsey report did show a need, hnwever, fnr the Netherlands to improve its image abroad. While West Germany is seen by American businessmen as being a bighly efficient, industrious nation, the Netherlands is ofteo judged by its tourist image—of canals and tulips, he said.

The declining levels of foreign investment in the early and mid-1970s prompted the Dutch Government to establish an industrial comissariat to approach scientifically the problem of attracting new investment. The commissariat has now been in operation for just over two years and has a full-time staff of 23, with offices in Tokyo and New York to cover the two mean overseas catchment areas and representatives in The Hague who are responsible for Europe.

Full-time staff

"The Netherlands' international role meant investment used to flow in antomatically," said Dr. A. Weebers, the industrial commissioner. "When investments started declining in 1974-75 we decided we must do more." His office now bas 150 projects in hand, dealing with companies which vary from those merely gathering informatioo to those choosing a site for their Dutch establishment.

It is early yet to say whether the companies which are now setting up in the Netherlands are the fruits of the new more professional approach to attracting investors, or wbether they would have come anyway under the old system. Once a company has been persuaded to come to the Netherlands then the industrial commissariat bands over responsibility to the local provincial authorities in wbose area the company is setting np.

In actively going out and seeking foreign companies wbich would benefit from setting up in the Netherlands the commissariat works parallel with the regional developmeot corporations. When tbe commissariat was first set up there was a lack of co-ordination between its activities abroad and those of the development corporations, but there are now regular meetings to make sure there is nn conflict of interest.

The Dutch are keen that only those companies which stand a good chance of success sbould set up, since no one is served if a company has to shut down again after only a few years. The high wage levels mean that the Netherlands is not in the running for large-scale industrial plant requiring only moderate levels of skills from their workforce. It hopes to attract the more sophisticated technologies and bas had considerable success in the fields of electronics and chemicals. An investment guide has recently been produced for U.S. bnsinessmen and a second, directed at the European investor, is due out shortly.

The Dutch Government has set aside nearly Fl 29bn to fund new industrial development over the next five years. This aid is availabla to Dutch and foreign-owned companies alike. More than Fl 22bn will go to stimulating investment nationally and in the regions. A further Fl 4.5bn will be spent on solving the problems of industrial sectors in difficulties while Fl 2bn will go to belp companies develop new technologies and applications for their products.

The idea of tackling tha problems of sectors rather than of individual companies in difficulty will, in the long term, achieve more for industry, said Mr. Harry Leliveld, director general for industry at the Economics Ministry. Under the nld policy preferential treatment was given to the individual company, which was seen as unfair by its competitors.

Now, for example, aid would go to solving the problems faced by the paper industry in meeting tough environmental requirements, rather than to bailing out one company in trouble. This may mean in the short term that companies may go bust.

Acceptance

"There is a general acceptance by the public and parliament that the Government can not keep pouring money into a bottomless pit," said Mr. Leliveld. The Government's recent decision to give no further aid to the loss-making board manufacturer Okto is an illustration of this new policy.

The Government's innovation policy, aimed at stimulating new technologies, bas prodnced applications for Fl 750m of aid since it was announced last year. This is much higher than the Fl 150m budgeted annnally for this form of support. The Government will share the risk of new technologies and help fund the cost of research and development work.

The sharp rise in the cost of oil last year prompted the Central Planning Office to produce new and considerably gloomier econnmic forecasts in January. It now expects inflation to be about 6.25 per cent this year, compared with 4.25 per cent in 1979.

Unemployment will rise to about 220,000 from 207,000 and the balance of payments deficit will rise to Fl 2.5bn from Fl 1.5bn last year. Import and export volumes will be unchanged this year as will the amount of investment by industry.

Mr. van Aardenne said: "The figures do not look so favourable but the guilder is firm and we do have riches under the ground. Although our gas revenoes will be considerably less in 10 years' time.

"The effects of the international recession are felt particularly bard in the Netherlands. We are vulnerable because mnch of our industry is energy-intensive and our costs are too high. Our economy has strengths and weaknesses and unless we do something tha weaknesses will prevail."

The Government is now considering measures to meet the slowdown in the growth of national income this year. The oil price rises are expected to cut Fl 7bn, or just over two per cent, nff growth this year. The Netherlands is therefore planning cuts in public spending and curbs on wage rises in 1980.

"Restrictive polices would, if anything, make the Netherlands even more attractive to foreign investors," said Mr. van Aardenne. "It is now less interesting a proposition because of the rise in costs but if we can bold costs down then we are very attractive. Our fiscal system is positive for companies and our geographical position is favourable.

"Over the next five to 10 years we want to strengthen industry as a basis for our future welfare. I foresee a stabilisation of private consumer spending and of the collective sector and an expansion of industry's share of wealth."

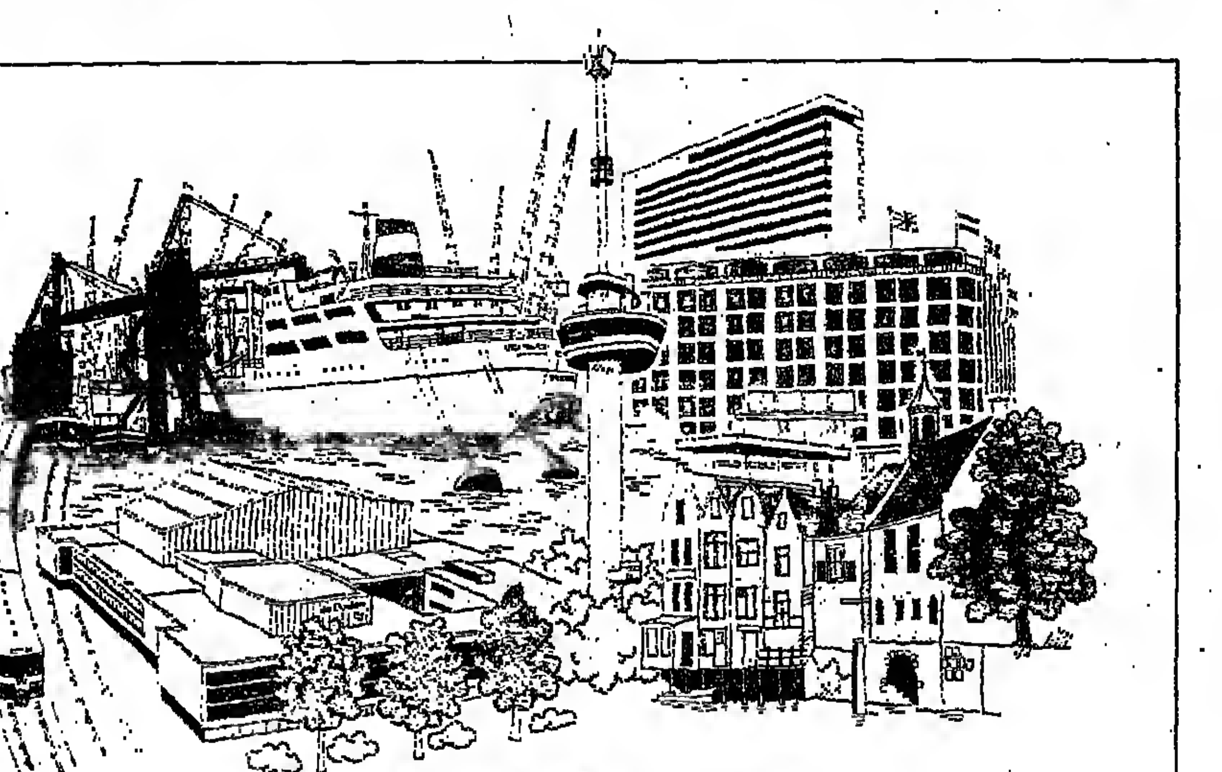
Charles Batchelor

FOREIGN DIRECT INVESTMENT IN NETHERLANDS

(in millions of Guilders)

Belgium & Luxembourg	219	−46	98	117	−91	−55	−164	99
West Germany	116	228	67	189	196	11	144	121
Denmark and Ireland	−1	—	9	10	9	5	9	12
France	76	40	178	124	73	−44	3	−33
Italy	28	4	−7	−8	−9	11	1	15
UK	431	723	1,329	993	123	−581	134	280
EEC	920	949	1,674	1,435	301	−653	127	494
U.S.	672	532	493	395	911	750	−36	355
Other developed countries	194	359	142	437	643	215	417	54
(Switzerland)	(184)	(115)	(52)	(141)	(365)	(145)	(222)	(107)
Developing countries	277	99	54	345	615	623	328	397
TOTAL	2,063	1,939	2,363	2,602	2,470	935	836	1,390

The figures represent equity holdings and intra-company lending.
Note: — = disinvestments.
Source: Netherlands Bank

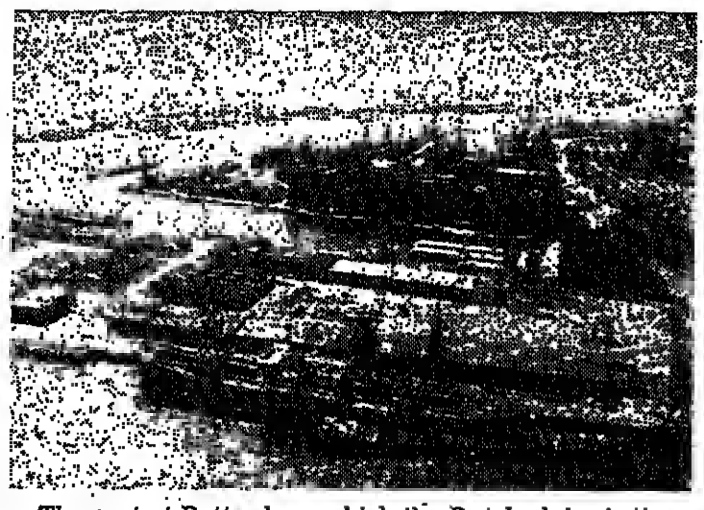


Emphasis is switching from manufacturing to services

THE AMERICANS and the British have been the most important foreign investors in the Dutch economy in recent years. A list maintained by the Dutch Ministry of Economic Affairs shows that around 1,000 foreign-owned industrial establishments bave beeo set np or acquired since the war. not counting another 400 or so participations or collaborations, or the many ventures in financial sectors such as banking or insurance.

Tbe fact that the U.S. and the UK rank ahead of such a large nearby economy as Germany illustrates the gateway role that bas been played by the Netherlands. Boasting the world's largest port at Rotterdam, and offering easy access to the whole of the European Economic Community. the country is well placed as an entry point for the foreign industrialist wishing to become established on the Continent of Europe.

There is an excellent infrastructure. and for Anglo-Americans the important advantage that English is widely spoken. Historically, too, the Dutch are very ontward looking and international—a useful point wben it comes to dealing with local banks, for instance. Yet there are also problems. perbaps the most widely discussed being the cost of employing workers in the Netherlands. and the very high degree of security of employment. Wages and social security payments together come to abont twice the British level, for instance, though on the other hand labour productivity is typically 75-80 per cant bigher than in tbe UK.



The port at Rotterdam, which the Dutch claim is the world's largest

Sluggish growth

So the investment pattern bas been changing in the past few years of relatively sloggisb economic growth, and of the so-called "Dutch disease"—the guilder and the balance of payments being assisted by the benefits of natural gas revenues. The emphasis has switched away from manufacturing industry—except fnr the more capital intensive sectors—towards services. Meantime, with the dollar so weak, U.S. interest has tended to fade (althongb with some recovery in the past few months) while Japan bas now emerged as a much more active investor.

Historically, there has beeo substantial investment by multinationals in the nil refining and chemicals industry, centred on Rotterdam, whicb dominates the European trade in oil and oil products. Names like BP, Dow Chemical, Exxon and ICI can ba mentioned here.

The food industry is also one which opens itself to international activities, and there are various American and British-owned operations, such as the Goldeo Wonder offshoot of Imperial Group, and a few years ago J. Lyons bougbt a number of Dutcb baking and meat product companies. When Allied Breweries bougbt Lyons, it hecame one of the largest British investors in the Netherlands. About ten years ago Allied, through acquisitions, became Holland's second largest brewing company (thougb its subsidiary Skol Bronwerijen comes a long way behind Heineken, wbicb dominatea the market).

The agricultural-based food industry is very important in Hnlland, with foods and beverages accounting for about a quarter of exports.

Outside food, large foreign owned manufacturing ventures bave been comparatively few in recent years, although the Rank Xerox copier plant at Venray can be mentioned. One notable foreign intervention was the takeover by Volvo of the DAF car business, and now the still independent DAF trucks operation is exploring possible links with the French group Peugeot-Citroen.

Tha property and financial sector has seen some mncb discussed foreign invasions. Dutcbmen still talk of the period in the early 1970s wben British property developers arrived in Rolls-Royces and bought up large chunks of real estate at rocketing prices. Several years later they, or their liquidators, were back trying to unload. Often the disposals took a very long time.

Some of the Britisb developers remain. bowever, like Hammerson and Ladbroke, and now thera is reoewed interest by a number of UK pension funds and property bond funds. The Dutcb property market is fairly restricted in scope, but yields on commercial property are a little higher than can be found in Britain. There is, too, some German interest in Dutch property.

British investors have tended to be most active in the shopping sector of the market. The attraction is a reasonable yield in e hard currency country, as part of a policy of international portfolio investment which bas become much easier to carry through following the UK exchange control relaxations. Ironically the same desire for international spread is taking Dutch property companies overseas — notably Wereldhave, which bid unsuccessfully for English Property Corporation and is currently active in the U.S.

Dutch insurance companles are also moving strongly into the U.S. Their home market bas, however, been invaded by several British companies. By far the biggest foreign presence is that of Commercial Union, which bought Delta-Lloyd a few years ago. Equity and Law has successfully built up a useful life assurance business in just under a decade—a precedent wbich seems to bave encouraged Prudential Assurance to set np a life office in the Netherlands a year nr so ago.

Cyclical upturn

The Dutch life assurance market bas enjoyed several years of rapid growth, with demographic factors—like the increase in the number of young families—and booming mortgage business playing a part. General insurance, moreover, has seen a cyclical nptnrn in underwriting performance, and the Netherlands' combination of low inflation but often quite high interest rates has belped insurance companies.

Banking has also been a fast growing industry recently in the Netherlands, and there are something like 30 foreign-owned banks. the most recent newcomers being several French banks. But these are mostly specialised banks clustered in the centre of Amsterdam concentrating on big international customers. The major retail banks remain firmly in Dutch hands, and it is unlikely that the financial authorities would approve of foreign encroachment here (although the Banque de Paris et de Pays Bas has built np a modest chain of branches over many years).

In nther areas of the economy, bowever, the Dutch Government is making continuous efforts tn attract foreign investment, partly with the motive nf providing new jobs to counter the growing problem of unemployment. Recent activity has been concentrated very much on the services sector.

Current projects

Sucb activities as compnter software, distribution of motor components and the marketing of chemicals and pharmaceuticals figure prominently on the list nf current projects of overseas companies. The position of the Netherlands as a distribution centre for the whole EEC is of considerable relevance in many cases. The setting up of local stocks is necessary to ensure a fast and reliable service to Contineotal customers.

The Ministry of Economic Affairs bopes that many nf the companies that begin with small depots handling imported goods will progress to assembly of finished goods within the Netherlands and eventually to full scale manufacturing.

Compared with some of the alternatives, the Netherlands bas the advantage of no currency controls and a minimum of other restraints nn trading operations. However, the general investment climate bas grown tougher recently, and, as in most countries, industrial profits are being squeezed. Sbort term interest rates are very high, especially when viewed in real terms, for the Dutch inflation rate has been one of the lowest in Europe. It is not an easy time for companies to take nn large new international commitments.

Nevertheless, one sector where overseas—and especially British—companies have been making an impact in the Netherlands is retailing. Names like Dixons, Mothercare and Ratners bave become prominent in a fast developing Dutch retailing scene, and the British Shoe Corporatioo has several hundred shops.

Barry Riley

Distinguished financial centre

AS A financial centre, Amsterdam has a long and distinguished history. Its stock market reflects the maturity and sophistication of the financial community, while remaining sufficiently dynamic to have pressed ahead with the ambitious formation of the European Options Exchange even though it proved impossible to enlist the support of London for the venture.

But the Stock Exchange has been going through a dull period in equities. It is not just that share prices have been weak, with the industrial index down about 15 per cent during 1979. It is also that the market has been affected by the same sort of longer term problems that have afflicted other stock markets, including London, with shares at such low levels that it has become much less attractive for companies to have their shares listed.

This was highlighted last autumn when the Dutch company Vitatron decided to take early advantage of the relaxation of UK exchange controls and float its shares on the London stock market instead of using Amsterdam. Even though London has also been depressed, the shares fetched a higher price than they would have done in the Netherlands.

If equities are in the doldrums, however, there is a great deal of activity in the new issue market for guilder bonds. Stock Exchange statistics show that new listed bonds (ignoring the substantial unlisted sector) rose by more than a fifth in 1979 to Fls 12.8bn ($6.64bn) of which Fls 3.5bn were mortgage bonds. On the secondary market, bonds now account for just over half of turnover.

While the number of listed Dutch shares has fallen from 410 in 1970 to around 230 now, the number of listed bonds has been rising. During the past five years the nominal value of listed Dutch domestic bonds has gone up from Fls 13.6bn to Fls 23.7bn.

To explain the shift in emphasis of the stock market, Dutch financiers point to the bond orientation of the major financial institutions in the Netherlands. Whereas institutions in the U.S. or the UK are large investors in equities, often Dutch insurance companies have exposure of 10 per cent or less to equities, and quite a lot of these are in strategic holdings which are not traded.

The failure of Dutch shares to perform during the 1970s has undoubtedly caused private investors to lose enthusiasm for stock market investment. And foreigners have not come in to any extent to fill the gap—with an exception, at times, in the case of the big international shares such as Royal Dutch, Philips and Unilever, which have tended to outperform domestic industrial shares in recent years.

Ironically, the ending of UK exchange controls has initially had an adverse effect on activity in Amsterdam, for with the dollar premium abolished, arbitrage turnover in the two giant Anglo-Dutch multinationals, Unilever Ltd./NV and Shell/Royal Dutch, has slackened.

It is worth pointing out, however, that domestic Dutch financial shares have escaped the general sluggishness, and the market capitalisation of the banking and insurance sectors has substantially more than doubled in the past five years. During 1979 the insurance index rose by some 11 per cent and the banks index was a little better than unchanged.

FOREIGN TAKE-OVERS OF DUTCH ENTERPRISES

	1970	1971	1972	1973	1974	1975	1976	1977
Number of Dutch firms taken over	50	28	77	95	31	22	32	22
Number of foreign firms involved in take-overs	44	28	72	92	31	22	30	22
of which from:								
UK	13	8	41	58	13	3	5	8
other EEC countries	13	9	15	18	13	8	11	10
U.S.	14	7	9	9	3	5	5	3
other countries	4	4	7	7	2	6	9	1

Source: Central Bureau of Statistics

Faced with these long term problems, the Amsterdam Stock Exchange is taking a number of steps to stimulate interest and to improve the working of the market. Thus there are proposals to change the commission structure some time this spring, after lengthy scrutiny by the Dutch Government.

Attractive rates

It is expected that there will be more attractive rates for big transactions. When these changes are implemented it is also planned to extend the official trading hours—currently 11.30 am to 1.15 pm—to facilitate dealings in the 30 most widely traded shares. There will also be longer trading hours for the most active bond issues.

The intention appears to be to give greater status to the after hours dealing that already goes on between offices, not least the arbitrage activity in internationally traded shares such as Royal Dutch. The new hours will be 10.00 am to 4.30 pm, just overlapping with the opening in New York.

The second major step is the setting up of a commission to study the possibility of attracting more small companies to the listed market. It is felt that the Stock Exchange could be a route for raising capital for small enterprises but—as in London—the owners of companies do not find a listing attractive in current conditions.

In fact a fairly active market in unlisted shares already exists in the Netherlands. Two brokers, Broekman's Commissiebank and D. W. Brand, specialise in market making and many investors channel their dealings through the third important participant, the Nederlandse Credietbank. Perhaps 70 or so shares and bonds are dealt in on something approaching a regular basis. For international investors, Holland Sea Search, a North Sea speculation, is one such unlisted stock which is of current interest.

The Stock Exchange commission will no doubt be looking at matters such as the disclosure requirements in any parallel market which might become established under Stock Exchange jurisdiction, and at the paid up capital restrictions which currently apply to fully listed companies.

However, the biggest and most controversial step towards expanding the securities business in Amsterdam has undoubtedly been the setting up of the European Options Exchange. This move reflected a desire to develop a market which would appeal to the more speculatively inclined investor, who has become disenchanted with the unexciting performance of the traditional equity market. It also reflected the outward looking attitudes of the Dutch financial community, accepting a challenge where the British got cold feet and the Germans and the French were scarcely interested at all.

Even within the Netherlands, attitudes have varied: one of the medium-sized banks, the Nederlandsche Middenstandsbank, has been markedly more enthusiastic in promoting option trading than the bigger ABN or Amro. Abroad, the EOE has been hit by the French decision to ban trading by French nationals in French options, while the current expansion into German options is in the face of a non-co-operation policy on the part of the major German banks.

Officials of the EOE, however, remain optimistic about their medium term plans to expand business until the Exchange becomes viable. From an average of 1,000 contracts a day in 1978 turnover grew to an average 1,900 a day last year. A crucial development, given the drift downwards of underlying share prices (except oils) was the introduction of put options on four Dutch classes. Puts subsequently represented a third of total turnover.

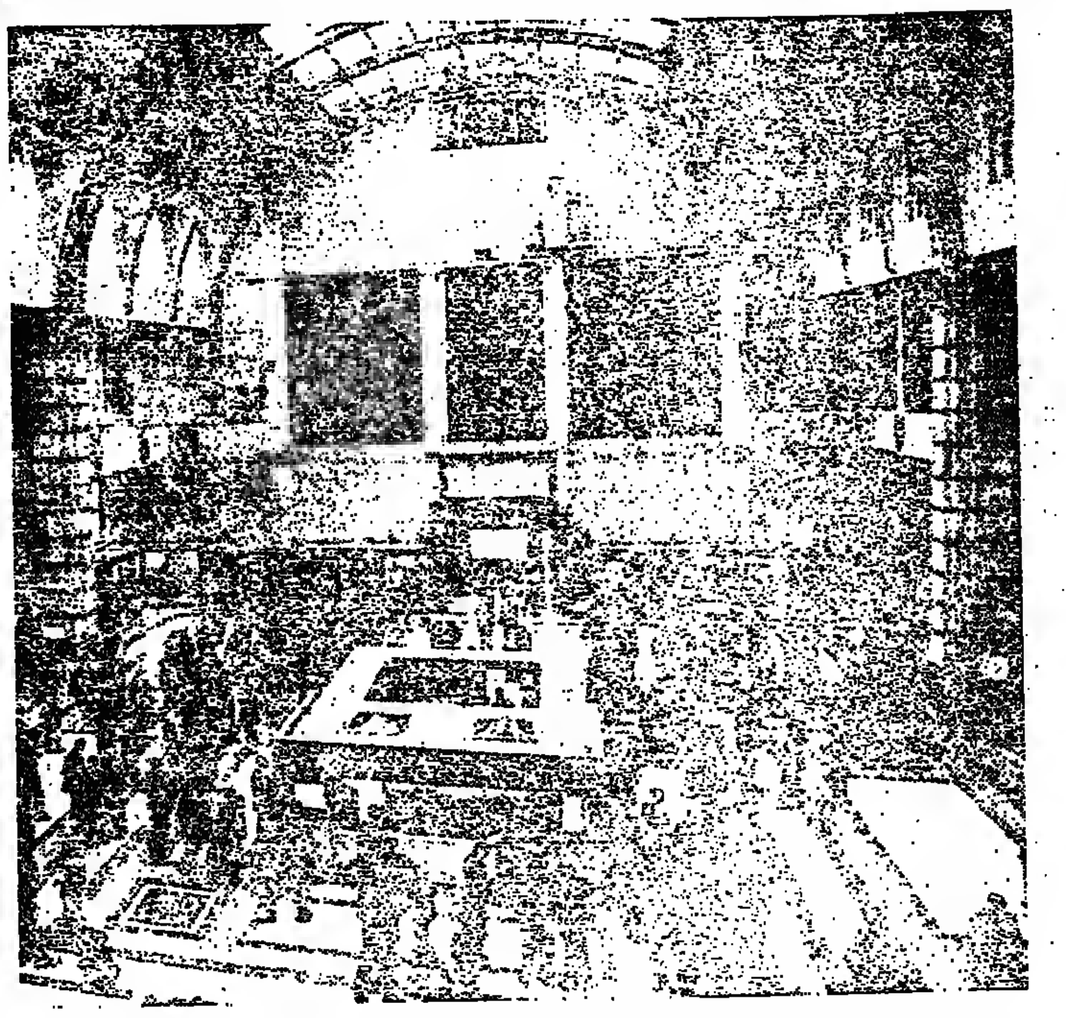
For 1980, the plan is to expand turnover further to a daily average of 3,000 contracts. To help achieve this, the number of puts has recently been expanded to cover eight classes, while Heineken has been added to the list of Dutch options. Only last week the EOE moved to introduce German classes for the first time—so that the list of underlying equities now comprises 10 Dutch, 12 U.S., three Belgian, five German, five French and three UK stocks.

For international investors, the EOE now offers a unique service, but it appears that most activity is Dutch-based and indeed some 80 per cent of turnover is in Dutch option classes.

EOE officials argue that international resistance will eventually be broken down—for instance, the French ban could be removed if the mooted Paris options market is opened. Slowly the EOE is establishing a new market in risk capital, and it is appealing to a younger investor; the average age of private traders in options is in the early 40s, compared with the average 53 years of the Dutch shareholder.

Already the EOE is pencilling in a target figure of 5,000 contracts a day in 1981 (each contract normally representing 100 underlying shares). If the target is reached, the exchange will be operating roughly at break even level. At that stage the Amsterdam Stock Exchange could look forward to getting a return on its large investment, though much more important would be the shot in the arm given to the securities market as a whole.

Exciting as markets in risk may be, however, for the time being the centre of activity remains at the other end of the risk spectrum—in the bond and money markets. An awful lot of investors in the world are looking for a strong currency, and in recent years the Dutch guilder has certainly fulfilled that role. If at times the Dutch Government has had to huff and puff to keep up with the Deutschemark, leading often to very high money market rates and comparatively high bond rates, that has only served to raise the rate of return to investors.



The Amsterdam Stock Exchange: taking steps to stimulate the market

Greater awareness

The extra, say, 1½ points of yield available on guilder bonds reflects the risk perceived by investors that the guilder will, some day, lose touch with the DM. There are indications that the greater awareness of the need for energy conservation will lead to lower exports of the gas which has cushioned the Dutch balance of payments and financed the high Dutch standard of living. On the other hand, there is no reason to doubt the Dutch Government's determination to maintain control over the money supply. On this, the Dutch record has recently been better than that of the Germans.

Economic forecasters are agreed, however, that inflation in the Netherlands will rise significantly in 1980—probably to over 7 per cent. But this will continue to be lower than in most comparable countries, and will still allow bond investors to expect a reasonable return in real terms, with yields on medium term good quality bonds currently almost 10 per per cent.

The balance of payments may well prove another worry, with Amro Bank, for instance, forecasting that the current account deficit could increase from perhaps Fls 2bn in 1979 to more like Fls 5bn this year. Exports are likely to find the going tough in a difficult world market, while on the energy side, oil prices have gone up much faster than the export price of Dutch natural gas, which is subject to time lags.

On the positive side, though, this could make the Government more aware of the problems of financing the deficit, and could lead to a still greater welcome for foreign investors.

Already it is easy to invest in the Netherlands. For example, there is no withholding tax on bonds, although there is a 25 per cent tax on equity dividends (subject to relief according to double tax agreements with individual countries). However, there is only limited access for foreigners to the private placement market in bonds, a market which is larger and faster growing than either the listed bond market or the Euroguilder notes market.

In the private placement market, borrowers concede a higher interest rate, in exchange for much greater flexibility and reduced front end costs compared with a listed bond issue. For foreigners, the lack of marketability would be a problem, but then marketability is not especially good for Euroguilder notes either. At any rate, there is potential overseas interest in the Dutch private placement market, and the banks keep an eye on the possibility of further internationalisation.

Very recently, however, investors both domestic and foreign have been taking refuge in the safest and least exposed market of all — the money market. Based in Amsterdam, in so far as it has any physical presence, this is a telephone market place which links the various Dutch and foreign banks with the institutional investors and the big company treasurers, the circle being completed, of course, by the Government (in the shape of the Finance Ministry).

Nervous conditions

A large public sector deficit coupled with a restrictive money supply policy has led to a sharp rise in short term money rates, which have climbed to well above longer term bond rates. The reverse sloping yield curve reflects confidence that interest rates will ease again before long. But in the very short term it has created nervous conditions in which investors are reluctant to commit themselves to capital risks by buying bonds.

As far as foreign investors are concerned, the availability of an interest rate of around 12 per cent on three-month deposits in a strong currency like the guilder—almost as much as on the dollar and quite a bit more than on the Deutsche Mark—makes them quite happy to play a waiting game.

For the time being, then, the Dutch capital markets are quiet. Equities continue to drift sideways, or very gently lower, and the big bond investors are content merely to nibble at the trickle of new issues while keeping the bulk of their powder dry for what they hope will be a better and clearer opportunity later in the year.

But for foreign investors the markets in Amsterdam will continue to be much more important than the size of the Netherlands as an economy might suggest. The stock market, after all, is dominated by the five Dutch internationals, which, together with the shares of the Robeco funds group, account for well over half the total turnover in equities. And the formation of the EOE has demonstrated how ready the Dutch are to explore new opportunities in the international market place.

Barry Riley

Reappraisal of state aid to ailing companies

WHEN WIL ALBEDA, Minister of Social Affairs, was asked on television the other week how he intended to deal with Philips, now thet the company was further cutting back its labour force in various parts of the country, be would only say that the Government would apply "moral pressure" to get the company to reconsider its plans. When the reporter then suggested that this was meagre comfort for the threatened employees, the Minister remarked that any other ection could have e disastrous effect on Holland's investment climete.

The Government feels that companies should be allowed to pack their bags, so to speak, if they wish—assuming all local rules and regulations governing disengagement have been met. It wants to avoid giving the impression to domestic and foreign investors that the Netherlands is something of e trap for industrial investors. The discussion about the handling of companies that are lured in with taxpayers' money while they remain free to leeve whenever economic circumstances so dictate is botting up in trade union circles. The CNV is urging the Government to get Philips to put a stop to its contraction of operations in the Netherlands, pointing to the many subsidies it has received over the years as it eettled in the provinces.

So far as the Government is concerned, however, it remains aloof from those discussions and continues to build up a reputation of being "pro-industry." It is clearly opposed to the policies of the previous Socialist-led coalition Government, which was not at all beloved by business.

Foreign enterprises get "royal treatment." At the end of last month Prince Claus, husband of Holland's Queen-to-be Princess Beatrix, opened the new factory in Enschede in the east of the country of the American computer company MAI. Economics Minister Gijs van Aardenne travelled down to Den Bosch the week before on the occasion of the 25th anniversary of AMP-Holland, another American high-technology company.

Mr. Van Aardenne, former chairman of a small industrial company, is also trying to prove in an entirely different way that be is more friendly towards business than his predecessor. He is doing it by withdrawing State aid to troubled companies for which there is considered to be no future. Like Britain's Mr. Edward Heath, be has come out strongly against a "lame duck" policy, thus angering the unions but pleasing entrepreneurs who have been complaining increasingly about unfair competition from ailing, State-supported companies.

There have been several examples where the withdrawal of State aid has led to company closures. The imminent shutdown in the north of the country of Okto, a modern carton-making plant, is a dramatic example of the effect of Mr. Van Aardenne's tough line.

Restraining burden

But if aid for troubled companies is less forthcoming this does not mean to say that assistance for business and industry generally is as well. The Government's general policy is aimed et curbing cost increases and restraining the burden of taxation and premiums. Early last month, a two-months "wage pause" was enforced after the unions indicated that they would aim for real wage increases in the 1980 labour pact negotistions that would exceed the Government's guidelines.

The Government's philosophy of new investment is based on the consideration that it ought to stimulate industries with good growth prospects, rather than individual companies. It prefers to tackle problems on an industry-wide rather than individual basis too.

It has introduced a new system of stimulating investments, the so-called Investment Account (Wet op de Investeringsrekening). In addition, various specific measures have been introduced to stimulate companies ective in the field of energy conservation, environmental protection, technological innovation, exports, financing, etc.

Innovation is in the limelight in the Netherlands, and the Government has published e special White Paper on sector industrial policy, setting out how it intends to encourage changes in industrial production towards high-grade manufactured goods. Science Minister Prof. A. van Trier has stated that he wants to achieve "e balanced structure of large-to-small businesses which can supplement each other."

Commenting on this policy, ABN Bank said that "the Government has recognised that the deterioration of the Netherlands' competitive edge in world markets was not only connected with the increase in the relative cost level but clearly also with the one-sided production structure of the Dutch economy." It was recognised too that the revenue from natural gas exports ought to have been spent on modernising industry rather than on increased spending generally. The White Paper was followed by another on innovation, in which the plans were detailed.

In the budget for 1980 additional funds totalling Fl 400m have been allocated for carrying out sectoral and innovation development policies. The sum set aside for the latter in particular represents a marked increase on previous budget allocations, underlining the Government's awareness—some critics say rather late awareness—of the importance of research and development activities. The White Paper on innovation also says that research policies at universities and the State-supported research centres will be "redirected," bringing them more into line with the future needs of business.

How urgent the need is to change the Netherlands' industrial base was underlined earlier this year in a report from the Government's edvisory body for science policy, which bas investigated Dutch trade in high-grade products (described by the organisation as "know-how-intensive"). It warned that the expected reduction in revenues from traditional—often oil or gas-based—exports was not going to offset by increased volumes of high-grade products if current trends continued.

Exports of such products, it was pointed out, had not developed as strongly as imports, and the Netherlands was becoming increasingly dependent for them on the U.S. and Japan. Dutch exports are becoming more and more concentrated on countries outside the EEC and the U.S., and it is feared that market shares may not be maintained in the future. The advisory body said that in view of these developments, the future did not look at all rosy and that major policy changes were needed to counter current trends.

Main stimulant

The main stimulant for investments in certain specified areas and for certain selected industries—the WIR system of premiums—is the most far-reaching and also the most complicated of the schemes in operation. It came into force in May 1978 when two traditional tax facilities for investment—the investment allowance and eccelerated depreciation—were abolished. The IPR, the regional investment premium regulation, has remained in force alongside the WIR. This, the longest running incentives system, is designed to make settlement of companies in specific Dutch regions more attractive.

The Economics Ministry reckons thet the WIR system offers greater possibilities to promote business investment—and thus to combat unemployment—than had been provided by the traditional tax measures. Reflecting the new thinking on the future shepe of Dutch industry, the WIR enables the Government to "steer" investments and to give extra incentives to those that are considered important for the national economy. Premiums are also being added to stimulate investment in the fields of energy conservation and environmental improvement. It adds that one major advantage of the WIR is that companies which are not, or not yet, making profits can have the full benefit of an investment incentive too.

Since e further concentration of certain sectors of industry in the densely-populated south-west of the country is considered undesirable by the Government, it has reintroduced its selective investment regulation act (SIR). It provides for a licensing system, compulsory registration and e levy. "As e result of this levy the net edvantage of the WIR-premium on investments in the western part of the country may be less than in the case of investments in other regions," the Ministry points out.

Michael van Os

Incentives help the regions

THE NETHERLANDS has developed a range of incentives open to Dutch and foreign companies alike to encourage investment in its less prosperous regions. The system of investment incentives is designed to favour the less robust parts of the country while a number of development associations have wide-ranging powers to attract new companies to their areas.

While much investment by the foreign companies of necessity has been in the west of the country—oil and chemical groups are clustered near Rotterdam—many large companies less tied to a particular local infrastructure have opted for the eastern Netherlands. The U.S. photographic group Polaroid, for example, has a large plant at Enschede while Rank Xerox (profiled elsewhere in this survey) has its continental headquarters in Venray.

The natural advantages of the eastern Netherlands are many. Higher unemployment levels mean the labour market is much easier than in the crowded west, where many companies are unable to find sufficient skilled workers, and in some cases even unskilled ones.

The motorways in the east offer quick links with West Germany and Belgium without the traffic jams that regularly build up at important junctions in the "Randstad" — the Amsterdam, Rotterdam, The Hague conurbation. The less crowded conditions mean industrial land and housing are easier to find and cheaper while recreational facilities are more extensive.

Regional premiums epply to large areas of the north east and the south-east of the Netherlands, as well as to e number of towns elsewhere in the south and east.

The longest-established element in the system of incentives is the regional investment grant (IPR), which is available to the industrial and services sectors in the northern provinces, in the south of Limburg and in the individual towns elsewhere such as Tilburg, Helmond, Venlo, Nijmegen and Deventer. Companies qualify for e grant of 15 or 25 per cent of their investment in ground, buildings and machinery, depending on the area to which they are moving. Growing unemployment prompted the Government to raise the top rate to 35 per cent in the north and in south Limburg earlier this month.

Businessmen investing in areas covered by the 25 per cent grant, as in southern Limburg, may opt for a lower basic premium of 15 per cent, plus Fl 12,500 ($6,250) for every permanent job created. However, the "mixed" premium has not proved popular because it takes longer to establish that permanent jobs have been created. The cost to the government scheme is put at Fl279m ($140m) this year, e slight increase on 1979.

Social problems

The investment account legislation (WIR), which took effect in May 1978, is a more general instrument of investment policy but it does contain elements important for the regions. It provides aid for companies which relocete from the crowded west of the country and special regional supplements to encourage investment in areas with particular social and economic problems.

Parts of the provinces of Limburg, Groningen, Overijssel, Drenthe and Friesland and the town of Nijmegen qualify as areas with significant problems and premiums of 20 per cent are available on business buildings and 10 per cent on fixed outdoor installations, which includes anything from e static crane to an oil refinery.

The effectiveness of the WIR has still to be judged but on the basis of orders placed aid of Fl 145m in 1979 and Fl 155m in 1980 has been budgeted for.

The selective investment regulation (SIR) epplies e levy on investment in the western and central parts of the Netherlands to e further concentration of investment in the most prosperous parts of the country. A rate of 13 per cent is now proposed on new business buildings while fixed outdoor installations are charged at 8 per cent. The SIR covers large parts of the provinces of north and south Holland and Gelderland as well as all of Utrecht.

The northern Dutch provinces take in about one-third of the total land area of the Netherlands, though with 1.6m inhabitants they have only 12 per cent of the population. Shipbuilding and starch production is carried on near the city of Gronigen, chemical and petrochemical industries are grouped around the port of Delfzijl while Leeuwarden is the centre of a thriving dairy industry.

The problems in the engineering industry, in board manufacturing and shipbuilding bave created high levels of unemployment.

Attracting new industry to the area is the task of the Northern Development Company (NOM), e private company set up in 1974, which is owned by the Economics Ministry but which operates independently. The oldest of the Dutch development companies, it was the first to be given eccess to funds with which to take e risk-sharing stake in the equity of companies.

It now has shareholdings of between 11 and 100 per cent in 27 companies involved in activities ranging from brick-making, carpet printing and industrial robots to manufacturing chemicals. It has made investments of more than Fl 250m to date.

The NOM prefers to take shareholdings of less than 50 per cent in e company but even when it takes a larger stake it remains apart from the day-to-day management, being represented only on the supervisory board. If e company leter wants to buy beck its shares the NOM is happy to withdraw.

Majority holding

While it boasts thet it is prepared to finance risks which the banks will not touch, the problems of the board manufacturer Okto, with a 49 per cent NOM stake and e majority holding by Koninklijke Nederlandse Papierfabrieken (KNP), are forcing it to be more cautious.

The province of Limburg forms a narrow tongue of land at the south-easternmost corner of the country stretching down between Belgium and Germany. Traditionally an industrial aree, it has yet to recover from the decision taken in the early 1960s to shut down its coal mines, which until then had been the region's staple industry. Between 1965 and 1975 the pit closures led to the loss of 45,000 jobs, accounting for 33 per cent of all industrial equipment.

The population of the province is just over the 1m mark, two thirds of which are concentrated in the southern half. Limburg's greatest strength is its favourable geographical position, half way between the large consumer markets of the Dutch "Randstad" and the German Ruhr.

The local development agency, the Limburg Institute for Development and Financing, was formed in 1975. The Dutch state and the province of Limburg each have a 34 per cent stake in the Limburg institute, local municipalities have 26 per cent and local chambers of commerce banks, and companies the rest.

Like the NOM, the institute can offer a range of facilities to companies wishing to set up in its area. It may make loans, take equity stakes, lease land and buildings and guarantee loans. In its most recent annual report, for 1978, it announced that nine foreign companies were in the preparatory stages of making investments worth e total of Fl 75m.

More limited powers are enjoyed by the Overijssel Development Company (OOM) and the Gelderland Development (GOM). The Zwolle-based OOM keeps foreign and local investors to select and prepare industrial sites and advises on technical, economic and commercial questions.

With the Dutch economy now beginning to feel the impact of the most recent increases in the price of oil as well as the general slowdown in world trade, the problems of these regions are becoming more acute. The northern Netherlands, for example, stands to lose several hundred jobs under closures recently announced by Dutch companies. These setbacks are likely to make the regions even keener to attract foreign investment.

Charles Batchelor

Banks' international approach a necessity

A SMALL COUNTRY necessarily has to be more outward looking than a large, potentially self-sufficient nation, and so it is with the Netherlands. Commerce and industry have always needed to operate extensively outside the confines of a relatively small home market. The Dutch banks have therefore had to develop a strongly international approach to serve their customers.

This internationalism is also available to help the foreign investor in Holland. Overseas companies moving into the Dutch market find that a high quality of service is available from local banks. As for portfolio investors, the major banks all run foreign investor departments and maintain close contacts with clients in Switzerland, the UK, the U.S., the Middle East and elsewhere.

Currently, the banks have their eyes on the potential of U.S. business. In view of the dollar's weakness, Americans have come to view overseas investment in a more favourable light. *For U.S. pension funds*, too, portfolio diversification is beginning to take on an international aspect. The banks' foreign institutional investment departments aim to make sure that a good slice of the cake goes to the Netherlands.

To foreigners, the two best-known Dutch banks are Algemene Bank Nederland and Amsterdam-Rotterdam Bank. ABN is slightly the larger, on the basis of the last published balance sheets, though both will probably show balance sheet totals close to Fls 80bn ($41.45bn) for the end of 1979.

More active

Besides being a little bigger, ABN is also more active on the international scene, with an extensive network of overseas branches. Amro probably has an even larger proportion of overseas business measured in terms of Eurocurrency activity, but current margins in the Euromarkets are so slender that this cannot be a good guide to the overseas earnings contribution.

At least two other banks have important positions within the Netherlands, however. In terms *of profitability and balance* sheet total Rabobank, the agricultural co-operative bank, is well up with ABN and Amro, and with 3,100 offices runs well ahead of Amro (845 domestic branches) and ABN (701 branches). Although rooted in the agricultural sector—it finances 90 per cent of farming loans—Rabobank has developed an active international division.

There is also the Nederlandsche Middenstandsbank, the current growth star of the banking sector. Specialising in the faster-growing small and medium-sized business sector, its operating profits have doubled in the past five years, though with 459 branches it is a long way behind the larger banks.

All the commercial banks have benefited from higher interest rates, and all are likely to show reasonable profits growth for 1979; at the half-way stage NMB was leading the way with growth of 34 per cent, followed by Amro (15 per cent) and ABN (6 per cent). The fact that ABN's balance sheet footings actually rose faster than NMB's shows that international expansion, for the time being at least, is not doing very much for profitability.

Several other groups of banks are also important. For example, Amro and ABN have sizeable merchant banking subsidiaries in Pierson, Heldring and Pierson and Bank Mees and Hope, respectively, and these maintain a separate presence on the investment scene. There are various smaller independent banks, such as the Nederlandse Credietbank, which have often arranged international affiliations.

And there are, of course, the foreign banks, which number about 30—though local bankers tend to suggest that some of them are in Amsterdam more as a matter of prestige than because of the profit motive. The longer-established U.S. banks, such as Bank of America and Citibank, are probably the strongest of the foreign contingent.

Largest customers

There seems no danger to the Dutch banks from foreign banks in the Netherlands itself, where foreign banks account for less than a tenth of total footings (and probably earn a still smaller proportion of profits). The Dutch banks do have a problem, *however*, in competing overseas where some of their largest customers are now making big expansionary moves.

The Dutch banks suffer from a relative lack of muscle, none of them getting higher than about number 30 on the international league table. It is very expensive to grow through setting up overseas branches; the alternative of joining international banking "clubs"—as Amro has joined EBIC, for example—is cheaper but a good deal less effective.

Participation in Eurocredits is a quick way to expand the balance sheet but is no way to earn profits, and in fact could bring the risk of bad debt problems given the uncertain outlook for Third World creditworthiness.

On their home ground, however, the Dutch banks dominate not only banking but also the stock market, through corporate membership. Last June the Amsterdam *Stock Exchange* had 166 corporate members compared with 321 personal members.

A number of the Dutch banks provide a comprehensive service to foreign portfolio investors. They can act as brokers in securities transactions on the Stock Exchange: they provide a regular analysis service, in various foreign languages as well as Dutch: and it is normal for banks to hold in safe custody the shares and bonds which mostly come in bearer form in the Netherlands.

Other services for overseas investors may include the claiming of tax refunds. Although bond interest is not liable to Dutch tax, there is a 25 per cent withholding tax *on dividends* which may be reclaimable in part by foreigners. Citizens of the U.S., for instance, can claim back 10 per cent, but under the Dutch/U.S. tax agreement the remaining 15 per cent cannot be refunded.

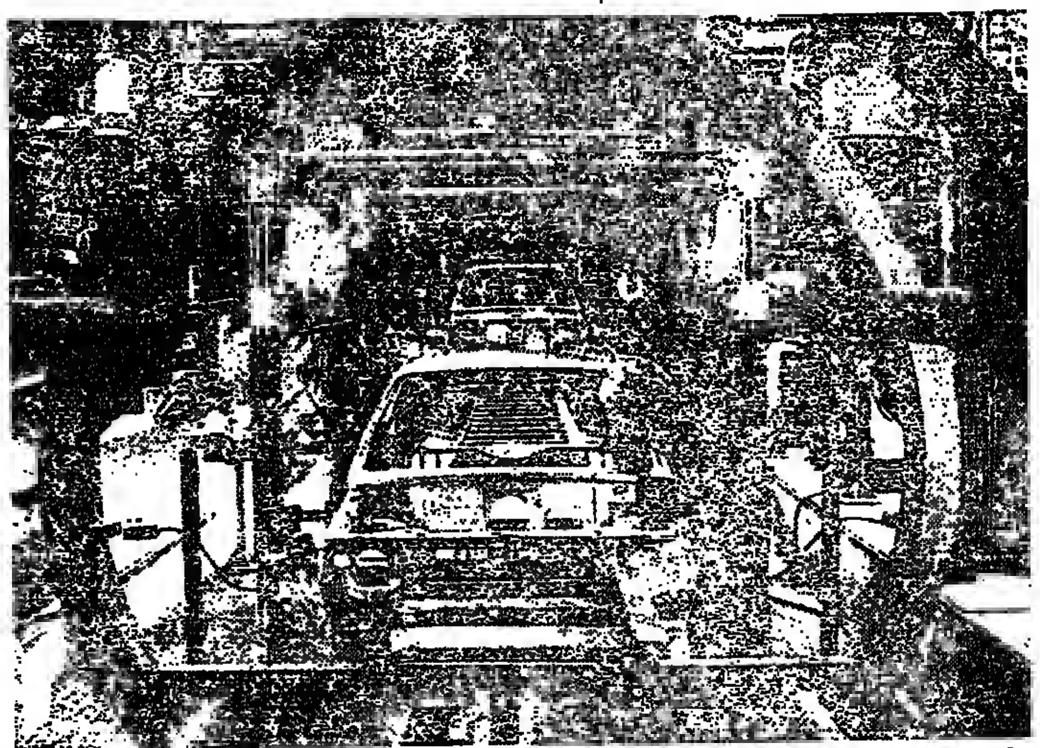
Historically, overseas interest in Dutch equities has come largely from the UK, though there has always been an important New York trade in Royal Dutch. In bonds, the Swiss banks have been active in investing on behalf of discretionary clients. To the Swiss the guilder has appeared a good currency to diversify into: though some Amsterdam bankers wonder just how much of this Swiss investment has represented fugitive Dutch money seeking a tax-free route back to Holland.

The leading banks play a major role in virtually all aspects of the securities markets. Thus Amro and ABN are big market makers in bonds, the former probably being larger in this field, while NMB is prominent as a market maker in Euroguilder notes.

In shares it is thought that Mees and Hope and Pierson, Heldring and Pierson are the most important forces in the market. As for options, NMB has led the way in stimulating business through extensive educational work through its branches. It says that the large numbers of entrepreneurial small businessmen among its clients are particularly receptive to this kind of more speculative investment.

Besides organising the secondary markets and acting for investment clients, the banks have also been making substantial use of the primary market on their own accounts. All three major listed banks have repeatedly made rights issues over the past five or six years, not to mention the steady stream of bond offers.

Barry Riley



Assembling Volvo 340 models at Volvo Car's plant at Born, Limburg. Volvo of Sweden has a 55 per cent stake in Volvo Car

Number of industrial subsidiaries and joint ventures established in The Netherlands by foreign manufacturing companies since 1945

SUBSIDIARIES (MAJORITY OR WHOLLY-OWNED)

Branches of industry country of origin	Metal working	Electrical industry	Chemical industry	Textile industry	Food industry	Miscellaneous incl. rubber industry	Total
United States	118	53	91	10	37	58	367
United Kingdom	72	15	27	9	27	47	197
Belgium	14	2	9	6	11	16	58
Western Germany	62	12	35	14	6	33	162
Switzerland	18	8	3	10	4	13	56
France	8	7	11	0	1	6	33
Sweden	31	6	4	4	2	11	58
[illegible]	5	0	3	0	0	4	12
Others	14	2	7	4	4	19	50
Total	342	105	190	57	92	207	993

JOINT VENTURES OR MINORITY HOLDINGS

Branches of industry country of origin	Metal working	Electrical industry	Chemical industry	Textile industry	Food industry	Miscellaneous incl. rubber industry	Total
United States	37	7	16	2	9	26	97
United Kingdom	19	5	12	7	7	25	75
Belgium	8	1	0	4	3	14	30
Western Germany	41	2	12	5	5	32	97
Switzerland	14	1	1	5	4	5	30
France	3	0	2	0	1	13	19
Sweden	4	1	1	0	0	0	6
Japan	2	0	1	0	0	0	3
Others	29	3	7	5	8	11	63
Total	157	20	52	28	37	126	420

Source: Ministry of Economic Affairs.

Investment funds under pressure

AN INVESTMENT in Robeco, the Netherlands' most famous investment fund, or one of its three newer associates, is not so much an investment in the Netherlands as an investment in the Dutch view of the world. Robeco has grown phenomenally from its modest beginnings 50 years ago in Rotterdam, where it continues to operate, and it has achieved this degree of expansion—group net assets currently run to perhaps Fls 10bn ($5.17bn)—primarily because it has offered an international dimension to the Dutch investor.

At present, for example, only about 8 per cent of the Robeco fund is invested in the Dutch local market, although another 11 per cent or so is invested in the big international shares like Royal Dutch and Philips. There are considerably bigger holdings in the U.S., and in its most recent *report* Robeco listed investments in 15 other markets around the world, including Brazil, the Netherlands Antilles and the Philippines.

Precisely who owns Robeco's 25m or so shares is not entirely clear, because they are bearer securities. But on the basis of the nationality of the banks through which dividends are channelled, the management estimates that about 70 per cent are held within the Netherlands. Given that foreign holdings are believed on average to be individually larger, it is thought that a rather greater proportion of shareholders is Dutch—with perhaps 100,000 in Holland and 10,000 abroad.

Capital growth

Over the years, the original equity fund has spawned three offshoots. Rolinco was established in 1965 as a more aggressive equity fund aiming purely at capital growth, whereas Robeco is managed with the objective of producing a decent yield.

In 1974 the group launched Rorento, a bond fund registered for tax reasons in Curacao. Most recently, a property fund named Rodamco was split away last March and in its first half-yearly report disclosed equity of Fl 439m at the end of August.

However, Robeco has no intention of following a policy of splitting its investments between a multitude of specialised funds. The aim is to offer shareholders well managed, broadly spread investment vehicles able to take advantage of opportunities which are perceived by the managers on a world-wide basis.

Over the years the group's investment performance has been good. Recent figures reflect good results in markets such as those of Australia and Hong Kong, and some spectacular performances by U.S. and Canadian energy stocks.

But under pressure from some of its shareholders, the Robeco group has taken a policy decision not to invest in South African shares, which has recently ruled out some profitable opportunities among gold mines.

Robeco has not, however, been able to escape the effects of the generally poor progress by world stock markets since about 1972. Expressing the figures in such a hard currency as the guilder has not helped. After many years of continuous expansion the number of shares in Robeco has started to decline, a trend which is also affecting Rolinco and Rorento.

During the first nine months of 1979 the number of outstanding Robeco shares fell from 25.9m to 24.7m, while the downward trend at Rolinco has been established longer, with a decline from the peak of 20.7m in September 1976 to 16.9m in September last year. The bond fund Rorento, too, shrank from 28.4m to 24.9m shares between February and August last year.

Recently, in fact, the group's expansion has been concentrated on Rodamco, in which just over 4m shares were placed at Fl 100 a share, at the time of the launch, with further sales since then.

The Robeco funds are unusual in that they are semi-closed end funds. Unlike normal mutual funds the shares are freely traded on the stock market. Unlike closed end funds, the shares do not go to a discount on asset value (discounts of 30 per cent are common for UK investment trusts) because Robeco continuously intervenes in the market to keep prices and asset values close together.

But this structure has the disadvantage that it is not easy for Robeco to promote itself to offset rapid contraction during difficult times. There is no management company which can buy and sell units and finance promotion out of wide margins. Neither does Robeco have teams of salesmen; it relies on its reputation and the support of stockbrokers and banks.

Since these agents get generous direct commissions from other kinds of funds, Robeco faces a problem. It would like, for instance, to promote itself in the UK, where it used to have more shareholders than it has now, and where the dollar premium is no longer an obstacle for buyers. Robeco is now considering what tactics it might adopt.

At least the group is well known as an investment client to a number of London brokers.

Although it has not been a large buyer of UK equities—last June only 1½ per cent of the main Robeco fund was invested in the UK—at times Rorento has been a big and active investor in UK gilt-edged.

For instance, a month ago Rorento had about 9 per cent of its assets in gilts. But Robeco does not want to get involved in reciprocal commission deals with brokers of the kind often entered into by some British unit trust groups.

London listing

At least Robeco is free to promote itself in the UK — it is listed in London and on 18 other stock exchanges besides, of course, Amsterdam. But for technical reasons it falls foul of the requirements of the U.S. Securities and Exchange Commission and so there is no New York listing and the group is banned from soliciting business in the U.S.

All this poses an interesting challenge to the Rotterdam-based group. In an era when stock market investment is becoming increasingly institutionalised, an organisation which deals with small investors through the stock market is likely to come under pressure as banks, insurance companies and pension funds come to dominate the scene. Moreover, Robeco's sheer size must make it vulnerable to competition from smaller rivals.

Within the Netherlands the main challenge comes from the funds which are managed by banks such as ABN and Amro. These do not enjoy independent corporate status as the Robeco group funds do. One interesting rival in the property field, however, is Wereldhave, which recently held a rights issue to boost the equity to more than Fls 430m, and to help finance big purchases in the U.S.

Although Wereldhave is set up as a company rather than as an investment fund, it is designed as an international property vehicle for Dutch investors (about half the shares are held by major institutions). Last September 55 per cent of assets were in the Netherlands, and most of the rest were elsewhere in Western Europe, but Wereldhave's U.S. investments are being rapidly expanded.

Barry Riley

INVESTING IN THE NETHERLANDS VI

Challenge to small companies

THE DECISION to start selling abroad and eventually to establish sales or production facilities in a foreign market can be a buge step for even the larger concern. Fnr the smaller company the challenge is even more daunting.

Many small or medium-sized businesses have neither the financial backing nor the management capacity to undertake the risks. But in the view of many businessmen and others engaged in solving their problems a lot of companies are overestimating the difficulties.

For the smaller British company the Netherlands can be an ideal choice as a base for setting up on the Continent, while for companies headquartered outside Europe it forms a useful gateway to the European market.

Mr. Charles Wildblood, an Amsterdam-based investment cnnsultant, said: "Such are the affinities between the UK and the Netherlands that many British companies think of beginning bere, with the idea of expanding elsewhere later. While the bigger companies tend to look to the larger German market, Holland is better for the smaller companies.

"The Dutch like the Englisb, they speak English and tha country is small so everything is close at hand. If yon go to France and ynur sales agent is in Montpeliar you have a lot of travelling to do."

Wage levels in the Netherlands are high, as are social security payments, but in Mr. Wildblood's view it is nn more expensive, and in some cases is cheaper, tn operate there than Germany nr Scandinavia. "Costs are higher but then the prices a company wili get for its products are also higher," he said. However, British companies should not make direct currency conversions wben considering setting up in the Netherlands, be cautions.

In the view nf Mr. Dan Piliero, managing director of the U.S. oil company Chevron's Dutcb operation and chairman nf the American Chamber nf Commerce, the Netherlands is a good country for foreign investors.

"The Dutch work productively and are flexible. They are alsn internationally mnbile and can fit in easily. There is no discrimination at government level and the Dutch Ministries are good to work with. Union leaders are very knowledgeable and they realise industry's need to be competitive."

Most of the American chamber's 1,200 members — both Dutch and American — are small companies. "Holland's small size is not a disadvantage since the country is centrally located in Europe," Mr. Piliero said.

Mr. Peter Davies, commercial counsellor at the British Embassy in The Hague, is also optimistic of the potential of the Netherlands as an export market and a place for investment. "Hardly ever does a businessman come over, providing he is well prepared, and not make progress. What constantly surprises me is that, in a market so close, so welcoming and with none of the complications of tariff and non-tariff barriers, far more British companies are not more active nver here.

Mr. Wildblood, who established his nwn consultancy advising smaller companies after leaving his job as European export manager for the foods and cleaning products group Reckitt and Colman, said: "The Britisb company which wants to expand abroad usually has the UK market sown up or else it has a product of universal appeal.

"They talk over their plans to expand abroad with their local Chamber of Commerce or professional association in the UK. These organisations are patchy. Some are good and some not. It depends on tha business strengths of the staff and the amount of money they have in the kitty."

Mr. Wildblood's advice to companies trying to break into the Dutch market is first to find a local agent. Agency searches can be carried out by the commercial section of the Britisb Embassy or by organisations snch as the Netherlands-British Chamber of Commerce.

Limited scope

The Embassy's work is inexpensive and nseful, but limited in scope, in Mr. Wildblood's view, because its staff does not bave the time to devote to individnal companies. Once the potential exporter has the names of possible agents ba should then write to them and finally make a visit to appoint the best ooe.

Tha alternative, Mr. Wildblood believes, is to make use of the services of an nrganisation such as Eurocenter, which was established by his wife and which provides temporary offices for companies interested in setting np in the Netherlands. An office address, a receptionist, secretary, and use of telepbone and telex are supplied on a monthly basis, while offices and conference rooms can be hired by the day.

Once a company has establisbed that there is a market for its products or that a local presence would be worthwhile, it can then decide to take its own premises and start hiring staff locally. The British printers and binders, Hazell Watson and Viney, of Aylesbury, built up export business worth £1bn a year, equivalent to 10 per cent of its total sales, working out of Eurocenter.

Efforts to provide a better service than that of the simple hotel room are being made by a number of organisations in the Netherlands. One hotel in the centre of Amsterdam is now offering office suites to businessmen while World Trade Centres are also being established in the Netherlands.

The Rotterdam Trade Centre is now 18 months old and already has more than 1,000 members. The aim of the centre is to provide a meeting place for businessmen involved in international trade, with access to business data banks and with fully-staffed office accommodation available for abort-term rental to foreign companies. The centre corrently occupies two storeys of the Rotterdam Stock Exchange building but there are plans for new premises.

Amsterdam also has plans to open a Fl220m ($110m) trade centre in 1983 nffering space for 150 to 200 small to medium-sized companies, as well aa exhibition space and conference rooms.

The British Embassy in The Hague handled more than 1,300 trade inquiries last year, an increase of 400 on 1978. Many were easily handled requests for information but some were for the commercial section's agency searches, which cost a standard £50. The section also compiles market reports on a number of consumer and capital goods sectors which offer potential to British companies.

However, Dutch companies do not grab every distributorship offered, Mr. Davies said: "They know their markets and are very sophisticated. They don't take on lines that they do not see succeeding.

American companies, which are the largest investors in the Netherlands, can turn to the American Chamber of Commerce for assistance. Its six full-time and two part-time staff belp U.S. businessmen with the problems of taking up investment incentives offered by the Dutch Government and of taking on local staff.

Many U.S. companies which had previously given nn thought to investing abroad are now looking at the Netherlands as a possible base, Mr. Piliero said.

Charles Batchelor

PROFILE
RANK XEROX

Success at Venray

THE SMALL factory established 15 years ago at Venray in the eastern Netherlands by the Anglo-American copier group Rank Xerox was expected to employ about 400 people by 1980. As it has turned out the plant now has a workforce of nearly 3,000, represents a capital investment of Fl 282m ($141m) and has turnover of more than $400m.

The Venray factory has ceased to be merely a producer of materials such as toners and developers; it now makes a broad range of copiers plus parts and ancillary equipment such as sorting machinery and also repairs nsed machines.

The management of Rank Xerox Manufacturing Nederland put much of their success at Venray down to the favourable nperating climate in the Netherlands, and the willingness of all levels of anthority to encourage foreign investment.

Rank Xerox is a joint venture of the Xerox Corporation of Stamford, Connecticut, which bas 51 per cent of the shares, and the Rank Organisation of London, wbicb decided in the early 1960s that it needed a foothold in the EEC. Sites were looked at tbroughout northern Europe and construction work began in 1964. Production started a year later.

Financial policies

While products from Rank Xerox's plant at Mitcheldean, Gloucestershire, can easily penetrate the European market because Britain is an EEC member these days, Veuray bas become the centre of the company's coutinental mannfacturing plant.

Mr. Len Stierman, 52, managing director at Venray, also oversees the company's production plant in Lille, in northern France and at Coslada near Madrid. The financial policies of the cootinental manufacturing operations are also co-ordinated from the beart of rural Limburg by the company's Britisb treasurer, Mr. Mike Clibbens.

The Venray factory now assembles copiers in the 2600, 3100 and 3400 series as well as the 9200 and 9400 sorting machines. The plant exports 95 per cent of its production to 80 countries around the world. Seven out of every 10 machines go to the four most importaet markets: Germany, Britain, France and Italy. Bought-in componeots come from about 20 different countries and account for 85 per cent of the company's needs.

Although two-thirds nf the workforce lives in the town and the company therefore provides the livelihood of nearly a third of its 32,000 inhabitants, Rank Xerox bas made a deliberate effort not to turn Venray into a company town.

For example, it bas not developed recreational and sporting activities since these would conflict with the local club life, according to Mr. Cor Borsje, communications manager at the plant.

Mr. Len Stierman, managing director of Rank Xerox Manufacturing Nederland

Apart from the need for a site within the EEC, Rank Xerox was prepared to consider a location in a number of countries, including France, Germany and the Netherlands. Venray scored highly, bowever, because of its central position fnr the four main European markets. Proximity to the port of Rotterdam meant that components could be shipped in easily from the U.S. and Britain.

The co-operation provided by the national and regional antborities and by the municipality of Venray belped make up the company's mind. "We were given every assistance in getting power lines, drainage, developing the site and obtaining housing for our workers," Mr. Stierman said. "When we came here Venray had about 12,000 Inhabitants; now it bas 32,000."

Venray was aod still is, a development area and Rank Xerox was able to cover 15 per cent of its iovestment by government subsidies. "This was not the determining factor but it helped fix people's minds," said Mr. Stierman. The company has continued to benefit from regional support programmes.

Tbe labour climate in the Eastern Netherlands is favourable. Uoemployment lavels are fairly high and wben Rank Xerox was taking on several hundred penpla in a very short time it managed to fill the vacancies. "There has not been a strike or a go-slow since the plant npened," said Mr. Borsje.

Poor public transport does give the company problems in bringing all its employees to work but it runs a free bus service within a 50 km radius.

The Venray plant has an 11 per cent rate of absenteeism owing to illness and other factors. This problem is not peculiar to Rank Xerox though and is compensated fnr by higb productivity levels. Both the unions and the Venray workforce are happy to accept the use of contracted outside labour and overtime to meet production targets.

The Netherlands' previous Socialist-dominated government's proposals for an excess profit-sharing scheme, and the recent strengthening of works councils' powers, have frightened off some potential foreign investors. But while Labour governments tend to formalise social developments which are taking place throughont Europe, in Rank Xerox's experience both Left and Right-facing Cabinets maintain a positive attitude to fnreign investment.

Fiscally, the Netherlands is attractive to multi-national corporations looking for a European base. The combinatinn of Dutch Corporation Tax at 48 per cent, the 5 per cent rate of withholding tax applying to Rank Xerox and the absence of state taxes, such as those applied in Germany, means that for the company's ahareholders the Netherlands is a good chnice, Mr. Clibbens said.

While Venray does not design copiers from scratch it has a 200-strong design engineering team which modifies U.S.-designed equipment to meet European specifications. It recently started converting an electro-mechanical tele-copier to electronic nperation to meet the standards of the West German Post Office.

Venray bas been chosen as the managing unit for a new copier—the first time a plant outside the U.S. has been given the job. This copier will be made solely in Venray for worldwide distribution, reflecting a decision by Xerox to start single-plant production to cut its costs per unit.

The problems which have confronted Rank Xerox in the past 15 years in Venray have been those of growth. The challenge of the next decade is the rapid increase in productivity. In 2½ years the company has cut the standard assembly time for a copier by 25 per cent, the equivalent of 160 people in direct labour.

The growth of the medium-priced copier market bas meant that increases in sales volumes have compensated for this in tha past. In future, though, says Mr. Stierman, Rank Xerox will either bava to make and sell more machines or the Venray plant will be too large.

Charles Batchelor

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The pros and cons of non-executive directors

IS A company which has a substantial number of non-executive directors on its Board more likely to succeed than one whose Board is dominated by full-time executives?

The Bank of England, the Institute of Directors and other respectable authorities believe that the answer is "yes." The number of non-executive directors among Britain's largest companies appears to be growing, a trend which the Bank regards as encouraging; it intends to carry out regular surveys to see whether the trend is being maintained.

Yet there are dissenting voices. Some people think that the best guarantee of commercial success is a Board made up of wholly committed, full-time managers, preferably with a significant personal shareholding in the business. Such men have the knowledge, the expertise and the personal interest which cannot possibly be matched in the non-executive director.

This school can cite well-known instances where a distinguished cast of non-executive directors did not prevent the decline and fall of large and important companies. According to this view the non-executive director is either irrelevant or, if he tries to intervene in the business on the basis of inadequate knowledge, a positive hindrance.

The evidence is not conclusive either way. It is not hard to find examples to support whatever Board structure one happens to prefer. All that can be said is that under certain circumstances non-executive directors can make a useful contribution. What is needed is not a blanket endorsement of any moves to increase the number of non-executives, but an analysis of what conditions need to be satisfied in order that non-executive directors can be effective.

First, both they and their executive colleagues have to be very clear what their functions are. There is a lot to be said for the old-fashioned view that the main task of the Board is to hire and fire the management. If the non-executive directors do nothing more than ensure that when the chief executive retires the right man is chosen to replace him, they will have done a great deal. If the company is going downhill through the incompetence of the chief executive, the outside directors must either persuade their colleagues to remove him or, if they are unable to do so, resign.

Of course, this is a gross over-simplification of the situation actually faced by directors. Judgments, both about the competence of the chief executive and about the condition of the company, are often finely balanced. Will the top man listen to criticism and pull the business round? Will resignation by the outside directors do more harm than good? The important point, nevertheless, is that the outside directors should see themselves as responsible for overseeing the management of the company.

Horizons

But there is more to it than that. One of the weaknesses of an insider-dominated Board is that its horizons may be too limited; it may be preoccupied with current projects and problems. It is easy enough for the outsider to take part in these discussions, throwing in the odd word of caution or advice. But the chances are that the outcome will simply be to confirm what the full-time management had already decided.

A paper* produced by the Corporate Consulting Group, a management consultancy, stresses that the non-executive director must switch from the traditional, participatory role towards a more strategic and independent perspective.

According to the paper, the outside director must make it his business to analyse:

1—The underlying causes of the current financial and market position of the company, and its strengths and weaknesses relative to competitors.

2—The quality of the strategy which is being followed in the context of these strengths and weaknesses.

3—The appropriateness of the resources (management, organisation and money) which are being devoted to its achievement.

It is difficult for the outside director to conduct this sort of analysis unless the Board itself distinguishes strategic issues from items of executive management. Far too often, the consultants argue, the Board is presented with plans which assume an agreed strategy, but the strategy itself is never questioned. A useful device, they suggest, is to hand over one Board meeting a year entirely to the outside directors.

How can one ensure that non-executive directors do their job? There is no means of compelling them to do so; legislation cannot guarantee good management.

Sir Brandon Rhys Williams, the Tory MP, is seeking to add to the Companies Bill now going through Parliament, an amendment which would, among other things, oblige companies above a certain size to appoint at least three non-executive directors. At each annual general meeting the non-executive directors, according to Sir Brandon's proposals, would make a statement in which "they shall express their confidence in the executive direction and management of the company and in the way the assets of the company are employed." Each non-executive director would either sign the statement or resign.

The Government's view—and that of most businessmen—is that legislation in this field is inappropriate. There are attractions in giving the outside director a more visible status, perhaps through a separate statement in the annual report. But what happens when the non-executive directors have doubts about the management and are considering ways of strengthening it, preferably without a Boardroom fight? It would be absurd to force them to publicise their doubts. They have to make their own judgments about when and how to intervene.

Non-executive directors are more likely to take their role seriously if they feel that their own reputations are at stake. Companies should inform shareholders in some detail why a new non-executive director is being appointed, what his qualifications are and what he is expected to do. Once installed, he should be regularly questioned by shareholders, analysts and commentators—and not just when the company is doing badly. The non-executive director needs to be brought a little more into the limelight.

* *The non-executive director in the UK. Corporate Consulting Group, 24, Buckingham Gate, London SW1.*

Geoffrey Owen

Priming the pumps to make engineering more glamorous

BY DAVID FISHLOCK

IF, as the recent report from the Advisory Council for Applied Research and Development* decided, there is not much happening in the field of industrial robots, at least the Science Research Council is not letting the matter rest there.

As a prime patron of research into the physical sciences, the SRC is making several important moves to try to give engineering a more glamorous image —"to make engineering more visible" as one of its executives puts it.

The Finniston report on the state of engineering in Britain paintakingly inspected the problem. Engineering education in Britain today fails to attract enough people of high calibre, and fails to train those it captures to a sufficiently high standard. The SRC, one of five research councils spending between them some £330m a year in support of postgraduate education, is the one closest to a broad spectrum of engineering. It also receives the lion's share of the cash voted by Parliament for spending on science, about £153m. It has just completed a major capital investment in computer-aided design, a technology in which ACARD's investigators have found British companies lagging behind their competitors overseas.

Of the £153m, it spends about £24m on engineering research—£31m including the grants to postgraduates. Moreover, it spends most of this money in the universities and polytechnics, in contrast to its other big sectors of spending, such as astronomy and nuclear physics, where much of the cash has to go to its own research centres to buy the big tools of science.

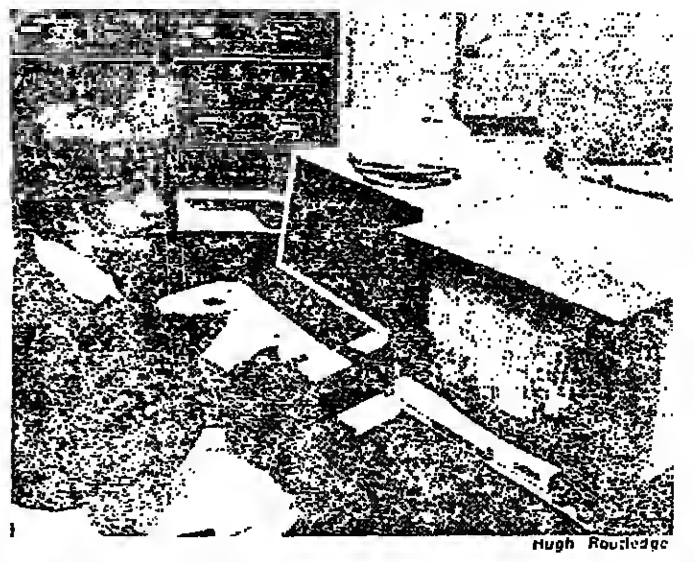
Nevertheless, in supporting engineering education the SRC operates within strict constraints. One is that its remit extends only to postgraduate students, not undergraduates. Another is more arbitrary—where to draw the line between research and development. By agreement with the Department of Industry, engineering development is the parish of the Department of Industry's chief scientist and engineer.

The Finniston report stresses the need for industry and the academic world to come much closer together in engineering research. Within its ambit, the SRC is re-examining the basis of its programme of engineering research and its relations with universities, industrial research centres, research associations, etc. The problem for universities in Britain is that rarely do they need to involve themselves in engineering design and construction for their own ends. Therefore the only way to involve them seems to be to encourage them somehow to become part of the research arm of industry itself.

Dr. John Wallace, who has been both an academic and an engineering executive in the British car industry, puts his finger right on the problem. "Both industry and universities believe they are perfect—they don't need to change. They spend the first 18 months of any project discovering that they are not."

Wallace speaks with the experience of having brought quite a few British universities and companies together in innovative projects over the past five years, in his efforts to apply the famous teaching-hospital approach to industry in his capacity as director of the SRC's teaching company scheme. Some of the latest projects involve very advanced schemes of automatic and robot manufacture, to the highest standards of quality, in the aerospace and nuclear industries, for example. Nevertheless, for many British universities, technology is still "at the boundaries of academic respectability," he says. (How few British universities seem to have retained the once-fashionable word "technology" in their title, in contrast to such great U.S. institutions as MIT and Caltech).

Much of the glamour of scientific research is associated with the big instruments scientists use. This is not new. The great telescope on Mount Palomar in California was exciting schoolboys before the second World War. So far the SRC has failed to identify any multi-million pound facility still needed by British engineers which it might seriously consider building.



Hugh Routledge

Colour display at the hub of one of Britain's most powerful computer aided design facilities, at the Rutherford Laboratory

Greenfield

The teaching company scheme as first conceived, might have been such a venture, for the original idea was to set up a "greenfield" factory from scratch, with the intention of designing, making and marketing its own new products. The council foresaw too many pitfalls in pursuing this project—not least the risk of alienating private-sector sympathy if it were seen as a state-owned rival. It adopted instead a policy of close collaboration with private industry.

In this way it claims to have reached the same objective. Some of the latest factories being planned under its scheme are novel in both concept and product, manufacturing newly designed products by the most advanced manufacturing methods, including robots, computer-aided design and computer-aided manufacture. After only four years the teaching company scheme is getting remarkably close to the concept Theo Williamson, at that time a consultant to the SRC, had in mind when he first proposed the scheme.

Within the SRC's own parish, the most costly new facility devoted to manufacturing technology is at the Rutherford Laboratory, near Oxford, which has just begun to explore the frontiers of manufacture with electron beams. The £550,000 electron beam lithography (EBL) facility "machines" the intricately patterned photographic masks — ten such screens per electronic circuit — which are required to make an integrated circuit by photolithographic techniques. The EBL facility's main purpose is to support the design of non-standard circuits in British universities. Already the council has approved proposals that add up to 500 masks—about 18 months' work, estimates Dr David Thomas, responsible for EBL. He believes that if industry, too, starts to show any substantial interest—and Inmos has already asked him to make its masks—the Rutherford will need to run its EBL facility round-the-clock.

Beyond this, the Rutherford—as the council's biggest research centre—sees its main extramural role in engineering as one of supporting those British companies willing to compete for the advanced-technology contracts associated with international research facilities in which Britain is participating. About £45m of its budget last year went to pay British subscriptions to such centres as CERN in Geneva, and the European Space Agency in Paris. According to Dr. Thomas, such firms as Plessey, Morfax, Lintott, and others working closely with the Rutherford in new technology, have helped Britain to gain contracts about equal in value to its contribution towards building CERN's latest atom-smasher.

Now he is turning his attention towards the European Space Agency's projects, where Britain still fails to get back its contribution in contracts. The key may lie in satellite links between universities and the international research centres for fast, cheap, interactive computing.

The Rutherford is also the hub of a national network of computers inter-connecting about 30 machines—three at the Rutherford, the rest in universities. This network, known as the interactive computing facility, is a £6m-£7m investment in computer-aided design, just completed and "working well," according to Thomas. "No other country has this." It now has more than 1,000 users a month. This means that the engineering student can design, make and test a new integrated circuit—all within the span of a one-year course.

Satellite

For the future, a ground station at the Rutherford will be able to use Europe's own OTS satellite to extend the network for trans-European communications.

This is the point at which robots raise their heads—or rather their sensors and microprocessors. There is, of course, a close relationship between the council's electron-beam work and computer-aided design. The SRC is asking whether the technology of robots could extend this relationship still further.

Peter Davey is the co-ordinator of an SRC project to study whether and how it might launch a research effort in industrial robotics; he is on three years' leave of absence from the University of Oxford where his expertise is in image analysis. The future of industrial robotics seems to lie not simply in developing "smart" robots by adding microprocessors, but in giving robots some kind of visual perception and the ability to interpret what they can "see."

Davey has already confirmed ACARD's findings about university research into robots in Britain—"patchy, disjointed," he says. But of the work of eight or nine groups he has examined, some are good and worth building on, he believes. Where the universities are weak is in understanding just why British industry is so reluctant to use robots. Is it for reasons—such as the fact that today's robots are blind — that the academics are actually trying to rectify?

Davey has proposed that the council should launch a research programme that knits together such facets of robotics as remote handling, computing, visual sensors and software, at a cost of about £750,000 a year. Approval must come first from the manufacturing sub-systems committee of the council's engineering board. As Dr. Thomas sees it, the Rutherford's role would be to provide a focus for the robotics programme—one that might centre on a need by the laboratory itself for "intelligent robot" techniques for maintaining complex but highly radio-active equipment associated with another big new instrument it is building.

In this way the SRC is assembling a portfolio of engineering research activities which, it hopes, will reflect national needs. But its thorniest problem is not the science of engineering but selling the idea to industry — and even to the professional bodies such as the Institution of Mechanical Engineers. SRC executives admit that they themselves are only beginning to learn how this might be done.

* *Joining and assembly: the impact of robots and automation.* HMSO, £1.75.

† *Computer aided design and manufacture.* HMSO, £2.25.

LOMBARD

Sir Keith and the mining houses

BY PAUL CHEESERIGHT

THE GOVERNMENT has the power to freeze the 25 per cent interest built up by De Beers Consolidated Mines and Anglo American Corporation in Consolidated Gold Fields. The Office of Fair Trading is deciding whether to mount an investigation. If it does, then it might care to consider whether the accumulation of South African influence over the UK mining industry, and especially the pivotal role of the Anglo-De Beers group, is in the public interest. The problem is highly relevant to the debate over whether the UK should have a more active minerals procurement policy.

Window

There are four major mining houses in London. Of these four only Rio Tinto-Zinc remains predominantly under British control. Charter Consolidated is effectively controlled from Johannesburg and was indeed established by Anglo American as a window on the world. And Charter has a 25.8 per cent stake in Selection Trust. Now Consolidated Gold Fields has moved partially at least within the Anglo American orbit.

The point is that, if the UK Government responded to civil service, academic and industry urgings and made a deliberate effort to diversify the country's sources of mineral supplies away from traditional areas — among which South Africa is extremely important—then there could be a block on the actions of three of the mining houses.

At the moment the mining houses do not play a significant direct role in the UK economy; contracts between their mines and UK consumers are few. But their expertise is a national asset. If there was to be a government-backed minerals policy, it would inevitably draw that expertise into a much closer relationship with the UK economy.

A stage could conceivably be reached where the aims of a UK Government clashed with those of the South African Government, which after all needs to maintain the loyalty of traditional customers. At that stage it is not clear which way the South African influence on the UK mining houses would be exercised. In short, three of the mining houses are not free agents. This would not matter if it could be assumed that the commercial links of a century with South Africa will always be maintained, ensuring a steady supply not only of chrome and manganese, but of precious and base metals.

But that assumption is not necessarily valid. Political tensions in southern Africa are there for all to see. The prospect of South African social discord leading to a leak in the minerals supply-line is real, although perhaps remote.

Certainly the prospect is real enough for both the French and West German Government to start building stockpiles of those minerals where South Africa is a major supplier. They at least want to reduce minerals dependence on South Africa. At the same time, however, the UK Government is apparently content to allow South African influence over its industry to increase.

Intervention

The explanation for the contrast is simple. Although the three countries share a reliance on imports of minerals, the French and West Germans have been much readier to take official action to reduce vulnerability to breaks in supplies. While the UK has traditionally relied on the market, the French and West Germans have established minerals companies, granted tax incentives and provided exploration grants.

Against the background of the South African situation and the widely-expected shortages of the 1980s, Sir Keith Joseph, the Industry Secretary, might ponder the value of similar schemes. He could find that intervention in minerals procurement is as necessary as intervention in energy policy, in which case it might be better if he could deal with UK companies, not Anglo-South African groups.

A psycho-analysis of industrial films

FILM AND VIDEO

BY JOHN CHITTOCK

ONE SIMPLE principle of psycho-analysis is that the patient's *behaviour* unconsciously conceals all of the causes of his or her problems—and in concealing them reveals a great deal. The same might be also true of a company, of a society, of an entire industrial era. It is certainly true of industrial films, which often reveal—behind the very idea of making a film on this or that particular subject—a particular preoccupation or concern, or a mixed sense of priorities, or total failures of responsibility.

The syndrome is manifest in the industrial films of the last decade, which have generally become more consumer oriented and more product preoccupied, neglecting the grander issues of the brave new world that faced Europe soon after World War II. At one time, the gas industry was making films of serious social consequence. It still tries occasionally, but few will ever rise to the heights of one pre-war classic called *Housing Problems*.

The electricity industry reflects the modern trend, with films for customers and potential customers, for example the latest from the Electricity Council (with Findus Foods), *Microwave Cooking—An Everyday Success*. This shows happy families dashing in and out, eroding the old fashioned custom of family mealtimes, and using the microwave oven to provide the supersonic suppers.

I am not saying there is anything wrong (or right) in that. It is merely a sign of the way most of us now live, faithfully reflected in just one of many sponsored films of today. On their own, not much fault can be found with most of the current offerings on film—except an overall dullness.

In recent times I have seen *Nature's Miracle* (not about childbirth, but, believe it or not, about butter, sponsored of course by the Butter Information Council); more pleasant viewing was Shell UK's *I Saw Three Ships*, which tackles the serious problem of safety in small boats and does so with some nice human touches—using gin-swilling characters in blazers and ill-prepared landlubbers to make its point about dangers at sea; I was unable to see *Rubbish Tips*, which supports the National Anti-Waste Programme's drive to help voluntary groups in recycling waste materials—an important subject, but also a serious reminder of the times in which we live.

Supporting the thesis that industrial films echo the era, the spate of productions about North Sea oil and gas continues—one from Mobil (*Men of the North Sea*) and two from Shell UK (*Brent Log* and *Offshore Gas*—both creditable films but both retelling the same technological triumphs). These are a far cry from more sensitive classics such as Standard Oil's *Louisiana Story*, the Robert Flaherty documentary of the late 1940s in which a local boy befriends the oil prospectors.

For a moment, I did wonder if something new was being promised by Halifax Building Society in a film impression of the organisation, presented by Sir Huw Wheldon. The former managing director of BBC Television cannot complete a sentence without charming his listeners.

Following Sir Huw around the magnificent Halifax headquarters building, some of this sparkle comes through. But he has a rather dull job to do apart from enthusing about the architecture—talking about the computers, the filing systems and the 6m customers. Indeed, he reminds the audience, unwittingly, that just one sponsored film after another these days can see no farther than the narrow view of the marketing manager.

What of the real issues of today which threaten the very fabric of industrial society, such as industrial relations, human relations, law and order and social responsibility—even the family, which as a social system is under as much threat today as, some would believe, is free *enterprise*?

One rapid check is available in the annual volume of the British National Film Catalogue, published by the British Film Institute. This documents information on nearly all films released the previous year in the UK. In the last issue, covering 1978, only a handful of the non-fiction films (out of 2,457) tackle industrial relations; all are Open University programmes (plus a couple of commercially-made management training films).

The truth is that British industry is sponsoring films which are preoccupied with the material issues of the day, concealing by neglect the deeper *problems which* could threaten its very survival. Taking my psycho-analytical thesis, perhaps by concealing industry is also revealing a root cause of our social ills. Is there an unwillingness to face up to the more controversial or unpalatable subjects? Is it cosier to make films about the product, the HQ, the technology, or—more daringly — the risks to life for which the individual can only blame himself rather than others?

In a sense we are of course all to blame because we get the kind of society we deserve. The myopic views of industry revealed in the films it sponsors are no worse than the failings of the production companies which make them, and which do little to inspire greater enterprise from their clients. For the producers, there is a fear of losing contracts, and for the sponsors a fear of making films that may be difficult to justify in commercial terms.

Changes in social attitudes take time to accomplish. But there must be a starting point; and perhaps a series of honest, fearless, self-analytical films about British industry would encourage others slowly to embark on a process of reappraisal. If the idea caught on, a new spirit of confidence and trust could emerge in British industry. Which company would pay for a trades union to make a film about management? And which trades union would pay employers to make a film about industrial disputes? (Trades unions rarely sponsor films anyway, and perhaps therein lies an even deeper revelation.)

There is also a practical reason for this drift towards the specific and the materialistic. When the sponsored film was in the ascendancy just before and after the last war, it was regarded (relatively) as a mass medium; and it was logical for it to tackle issues of public concern, because its audience was large and amorphous. Television changed all that, and 16mm non-theatrical distribution was increasingly seized upon by the marketing men as a way to reach specific target groups. Meanwhile, the new mass audience of *television* has been largely inaccessible to the industrial film sponsor.

The fourth television channel, due to start in Britain in 1982, could give the industry the chance to reach large audiences again. It offers an exceptional opportunity for industry and unions to face up to current issues—and with bigger audiences than women's institutes, motoring clubs and film societies can provide. If this opportunity is missed, it can only mean that the problems are greater than industrial society is able to admit.

Gifford set for record season

RACING

BY DOMINIC WIGAN

AS IS often the case at Towcester, Josh Gifford's team is strongly represented and it will be surprising if the former record breaking champion jockey leaves the course empty handed.

Gifford, whose rise to the top of the tree in his new sphere has been almost meteoric, already looks poised to pass his personal best total of 82 winners achieved two seasons ago. This afternoon I hope to see Ancient Briton, Eton Boy and Meistersinger take Gifford a stage closer to his first century of winners in a season.

Of the trio, I have most respect for the chances of Ancient Briton, who makes only his third appearance over the minor obstacles in the opening division of the Alderton Novices Hurdle. A useful stayer on the Flat last season when it is true his one success for Newmarket trainer Gavin Pritchard-Gordon came as a result of a walkover, Ancient Briton clearly surprised a good many people on his hurdling debut at *Nottingham* on December 15.

A 20-1 chance there for a Panama Cigar Hurdle qualifier, the chestnut Salvo five-year-old proved far too good for all but the favourite, Run Hard, after making ground steadily from the third from home. On the strength of that run, Ancient Briton, was, himself, made a short priced favourite in a field of 24, for a division of Sandown's Metropolitan Novices Hurdle on January 4.

He again ran well, but lack of finishing speed proved his downfall close to home, and at the line he had to be content with *third place*: beaten three-quarters of a length and the same by Tumbler and Gerby. Although the runner-up in that event has since disappointed badly on a return to the Esher course.

TOWCESTER

1.30—Ancient Briton***
2.00—Eton Boy**
2.30—Monty Python
3.30—Santellis
4.00—Repique
4.30—Meistersinger

SEDGEFIELD

1.15—Jean Marjorie
1.45—Bobby Brig*
2.15—Toussac
2.45—Carnival Day
3.45—Oisin

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad: Learning Welsh. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Isla and the Farm on the Hill. 5.05 John Craven's Newsround. 5.15 Grange Hill.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Olympic Grandstand.
7.20 Blake's Seven.
8.10 The Rockford Files.
9.00 News.
9.25 Olympic Grandstand.
10.15 Flesh and Blood.
11.05 Platform One: Sir Roy Shaw, Secretary-General of the Arts Council in conversation.
11.35 Weather/Regional News.

All Regions as BBC1 except as follows:

Wales—10.38-10.58 am I Ysgolion. 4.40 pm Crystal Tipps and Alistair. 4.45-5.05 Yn Noson Dywyll. 5.55 Wales Today. 6.20-6.45 Heddiw. 7.20 Pobol y cwm. 7.50 Wildlife on One. 8.15-9.00 The Rockford Files. 11.35 News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.05 Can Seo. 11.49 Write Away. 11.55 News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.05 Spotlight on Northern Ireland Affairs. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.05 Workers of the Board?
10.30 Lost for Words.
11.00 Play School.
11.25 Write Away.
11.38 It's a Great Life.
2.30 pm Dilemmas.
3.00 Propaganda With Facts.
3.30 A Woman's Place?
4.50 Open University.
5.40 Bats in the Belfry Mad Maestro.
5.55 The Waltons.
6.40 The World About Us.
7.30 Mid-Evening News.
7.40 Change of Direction: John Ehrlichman.
8.10 Company and Co.
9.00 Movie Showcase: "Stevie" starring Glenda Jackson.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Get it Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Leave It to Charlie.
9.00 Hollywood.
10.00 News.
10.30 "Charley Varrick" starring Walter Matthau.
12.30 am Close: Bernard Hepton reads poems by William Blake.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 7.30 Selwyn. †10.30 Feature Film: "Notorious," starring Cary Grant and Ingrid Bergman. 12.20 am Seen God Lately?

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England their England. 10.30 ATV Newsdesk. 10.35 The Clint Eastwood Star Movie: "Hang 'Em High."

BORDER

1.20 pm Border News. 6.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 10.29 Border Weather. 10.30 Luke's Kingdom. 11.30 Stars on Ice. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report at Six. 10.28 Channel Late News. 10.35 Feature Film: "Age of Consent." 12.20 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 6.00 North Tonight. 7.00 The Love Boat. 10.30 Country Focus. 11.00 Reflections. 11.05 The Tuesday Thriller: "The Strange Possessions of Mrs. Oliver," starring Karen Black. 12.25 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 10.30 Film of the Week: "Fear Is the Key."

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best in the West. 7.00 The Incredible Hulk. 10.35 The Big Picture: "The Looking Glass War."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.16-10.31 am Mwy Neu Lai. 1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00-6.15 Y Dydd. 6.15 Report Wales. 6.30-7.00 Quest of Eagles. 10.35 Bywyd. 11.20 World in Action. 11.50-12.20 am Father, Dear Father.

SCOTTISH

1.20 pm News and Road and Weather. 1.30 How's Your Father. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take the High Road. 7.30 Father, Dear Father. 10.30 Late Call. 10.35 Midweek Movie—"Streets of San Francisco," starring Karl Malden.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.30 Southern News Extra. 10.35 "The Long Day's Dying," starring David Hemmings.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Selwyn. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 North East News Headlines. 10.35 The Tuesday Movie: "The Deadly Trap." 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop in Your Hand. 10.29 Ulster Weather. 10.30 Feature Film: "Nothing But The Night," starring Christopher Lee, Peter Cushing and Diana Dors. 12.10 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 Feature Film: "Age of Consent," starring James Mason. 12.20 am Faith for Life. 12.25 West Country Weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 6.15 Selwyn. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 10.30 The Big Picture: "Nothing but the Night," starring Christopher Lee, Peter Cushing and Diana Dors. 12.10 am George Hamilton IV.

F.T. CROSSWORD PUZZLE No. 4,204

ACROSS

1 Delightful war-horse should provide more horsepower (12)
10 Pedal with notice left in tree (7)
11 Arise to give Oriental chap a note (7)
12 Agitate church vessel (5)
13 Some lead her in game sticking (9)
15 Sick sensation of resentment (3-7)
16 Mad to return and render unconscious (4)
18 Jog with child holding top of rope (4)
20 Disloyal as a member of a union may be (10)
22 Former sea-bird a learner found outside (8)
24 Doctor to catch a painter (5)
26 Disentangle a French composer (7)
27 Cultivation to the time when mature (7)
28 Copper pipe or flageolet (5-7)

DOWN

2 Lower in rank but not uniform (7)
3 Expose to injury and complete wrath (8)
4 Gang taking little credit and contrary directions (4)
5 But German fellow with Scottish name could be a Scotsman (10)
6 Serious type of accent (5)
7 Practical person giving soldiers a rota (7)
8 Get bogged down with old fogy (5-2-3-3)
9 Written solicitation for subscriptions to make Spooner's legging better (7-6)
14 Concealed marble in cul-de-sac (5-5)
17 Incentive to make us slum it (8)
19 Sudden emergence abroad to cut short (7)
21 Fail to admit insect and bird (7)
23 Crow right welcome to the north (5)
25 Irritation in kitchen (4)

Solution to Puzzle No. 4,203

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m, 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 8.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Cricket: India v England (report). 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.03, 9.03, 10.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.04 Jimmy Young (S). 12.04 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). ‡6.02-8.30 Sports Special. 8.02 Wiv a Little Bit O'Luck (S). 9.02 Glamorous Nights (S). ‡9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 Test Match Special: India v England. 11.10 Young Composers 79 (S). 11.45 Gabriel String Quartet (S). 12.20 pm Bach concert (S). 1.00 News. 1.05 Six Continents. 1.25 EBU International Quartet Competition (S). 2.40 In the Shadows of the Great (S). 3.25 Symphonies from Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Tippett concert. 7.30 Play Festival. 10.15 Alfred Brendel piano recital (S). 11.20 Ravel: String Quartet in F (S). 11.55-12.00 News.

VHF with Medium Wave above except as follows: 6.00-7.00 am Open University. 9.05 This Week's Composer: Victoria (S). 9.55 The Trio-Sonata (S). 10.55-11.10 Songs for Children by Bulgarian Composers (S). 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 For Frightened People. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Sons and Lovers (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 Come to the Opera (S). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Togood's Showcase. 4.30 London News Desk. 5.35 Look Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 5.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 3.00 pm After Eight—Therese Birch. 9.00 Jenny Lacey—Nightline. 12.00 LBC Reports Midnight. 1.00 am Tera Jefferies—Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

ENTERTAINMENT GUIDE

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Festival Hall

Barenboim

by DOMINIC GILL

For critical admirers, Daniel Barenboim's series of seven recitals at the Festival Hall this season of Great Masterpieces of the Keyboard has been a remarkable tour de force — but not without its frustrations. It goes without saying that there has been sustained throughout a very high level of excellence, and that the peaks have been high indeed. But they have been rarer than one might have expected; by and large the impression remains of a massive talent too often (for whatever reason) defused too thinly dispersed, too quick to fall back on natural brilliant facility — rather than recreate at each performance, forge anew what had gone before. It may be presumptuous to demand any such thing: but if the best of Barenboim's seven appearances had been distilled into one, it could have been not just a very fine event, but also sublime.

And much of that best, as it turned out, was concentrated in the last of his series, an all-Liszt programme on Sunday afternoon. Over the years, we have heard surprisingly little Liszt from Barenboim: but this recital confirmed yet again a long-held suspicion that he could be a very important Lisztian pianist indeed. He devoted his first half to the nine pieces of the first, Swiss year of the *Années de Pelerinage* played as a sequence — an unusual arrangement, brilliantly justified. Every shift of accent, every tone of voice, was caught exactly: the big melodramatic paragraphs of Guillaume Tell, the sweet, smooth-flowing kitsch of Au lac de Wallenstadt, the pearly mists of Au bord d'une source.

His Orage was a fine chromatic storm, shafted with lightning—and a fair few fist-*fuls* of wrong notes which mattered not at all. The subterranean tone-colours of Vallée d'Obermann were marvellously evoked, and the bombast just as powerfully contained—Barenboim missed by only one or two degrees the white heat of bravura that the grandest moments need. Both the Eglogue and the lovely Nocturne Les Cloches de Genève with its sudden, windblown climax, were as nearly perfect as they can be, exquisitely shaped and voiced. Exhilarating sequence.

I first heard Barenboim play the Liszt sonata, which he gave alone in his second half, no more than a year ago: and he again gave a grand and broadly lyrical view of the music—every section as broad as it could be without seeming overstretched, powerfully sonorous, alive with energy: and every measure delivered with fire and fervour, and without a moment's faltering—the music grew to its climax, and subsided, brilliantly sustained in a single span.

There was still the occasional passing vulgarity, and some skimping of detail, especially of pedalling; but they were all of them small imperfections in a performance of intensely gripping presence and authority. Three magic moments: the extraordinary *sotto voce* textural linking of the *fugato* with the motto which precedes it; the last but one emergence of the big *cantando* main theme, floating quiet out of its thunderous introduction; and the third not from the sonata at all, but the whole of Barenboim's first encore—the last of the Petrarch Sonnets (op. 123), a breath of pure Lisztian essence, breathlessly beautiful.

100 Club

Lyttelton/Gold

by KEVIN HENRIQUES

Whenever London's premier jazz venues are counted and discussed too often, the 100 Club in Oxford Street is mysteriously and unjustly overlooked. Maybe it's because though open seven nights a week on average a couple are devoted to soul, reggae or rhythm and blues. In truth, the 100 is the longest running centre for jazz in the West End if not the whole of London. It started life as the Feldman Swing Club in the early 1940s and the atmospheric basement premises were in the forefront of the trad jazz boom of the 1950s. It was during those lightheaded years that the Feldman club was renamed the Humphrey Lyttelton Club after the trumpeter who was a key figure in post-war British jazz. Though his music has evolved since that era Lyttelton and his band continue to make regular appearances at the 100.

The most recent was last Saturday when the full eclecticism of Lyttelton's musical thinking and versatility of his present outstanding band were amply illustrated. Selections ranged from solid compositions and arrangements by Buck Clayton and Kenny Graham to the Gracie Fields ditty "*Sally*" and a galloping version of "*Tiger Rag*." Along the way, Humph resurrected his chart hit of ages past, "*Bad Penny Blues*," pausing beforehand to honour the many Welsh present with a poignant trumpet/piano version of the Principality's national anthem in which (inevitably) the upstanding visitors participated vocally.

Apart from the leader's own sharply honed playing which, ears persuade and convince one, has never been better, there was sturdy support in the inventiveness of trombonist Roy Williams, multi-saxist Johnny Barnes (especially on soprano) and altoist Bruce Turner, all bang in top form.

The listener senses everyone in the band is committed wholly to Humphrey Lyttelton's broad mainstream policy and is truly enjoying it all. A similar impression was given by the band playing opposite: Harry Gold and his Pieces of Eight. This seven-piece outfit, led by the diminutive 72-year-old bass saxophonist, specialises in tightly arranged (in places over-arranged) Dixieland, full of infectious spirit and fun which in no time persuaded the dancers on to the floor. Jazz purists may have recoiled at the sight of the musicians reading the parts for such oft-heard war-horses as Wolverine Blues, After you've gone, and Mississippi Mud, but this mattered little in the final result.

The ebullient Gold weaved his way miraculously round the huge sax (shades of Adrian Rollini!). Not surprisingly, on tenor his sound is deep and furry, but amazingly nimble. Despite a leaden rhythm section the ensembles were the delight of the band's two sets. Apart from the leader, the stand-out playing came from trumpeter Al Wynette whose power and assurance were the foundation of the ensembles and whose solos revealed a beguiling mixture of power softened with a fetching sweetness of tone.

Exhibitions

Enter the designer

by ROY STRONG

As we enter the thrifty eighties, one of the most vulnerable of all areas in the visual arts is the exhibition or, rather, the exhibition as we have grown to know it, an art form synthesising in a single optical experience loans on an international scale aligned to an explosion of erudite scholarship packaged with all the pyrotechnics of the contemporary design world.

Everything now combines to threaten the vitality of this genre: the difficulty of moving works of art, the costs attached to transport, insurance, escorting curators, publication and, above all, design and installation. Once, long ago, an exhibition meant little more than filling up the walls or showcases with something different. Now it means a proliferation of committees of honour, a whole team of administrators, bevies of promotion and public relations experts, armies of set builders and electricians. Someone really ought to write an illustrated history of exhibitions in this country since 1945. In it the rise of the designer as a star in the exhibition firmament would without doubt form a major theme.

Virtually all exhibitions since the middle of the 1950s have fallen into one of two design streams, the first springing from the design world itself, as epitomised in the aftermath of the Festival of Britain, and the second from theatre. In the case of the former, everything has descended from Basil Spence's installation for the Book of Kells at the Royal Academy in the late 1950s. In the case of the latter the line of descent began with a bang in 1954 with Richard Buckle's memorable *Diaghilev Exhibition* with its tableau of ladies at the theatre, its glade of the Sleeping Beauty and scent-laden air. The latter format continued via the *Film Exhibition* in an ever upward curve until 1964 when it received its first set back in the calamitous *Shakespeare Exhibition* at Stratford on Avon. So enmeshed in scene-painting was this spectacle that the fake long gallery bore a notice which read: "Please do not touch. These paintings are genuine originals."

I remember neutralising this tradition into the museum world at the National Portrait Gallery in *Beaton Portraits*, *Samuel Pepys* and, at its most extreme *The Masque of Beauty*, in which the bemused visitor waded ankle-deep in beech leaves and from which those suffering from hay fever quickly retreated. Its descendants included *Byron* at the V and A in 1974 and a string of shows at Brighton from *The Victorian Way of Death* to *Gothick*. In permanent form it lives on in some of the display of the Museum of London, where objects are used as props and the fact that the museum actually houses one of the country's great costume and theatrical collections is difficult to register.

Building the Hedeby house at The Vikings exhibition

All these exhibitions too had a predilection for gloom and also for the one way round system. They worked on the principle of an eighteenth century landscape garden like Stowe where the visitor was expected to go the right way round and not see the Temple of the British Worthies before the hermitage. In other words control was total as to how the public saw the exhibits. There was no choice. And here has occurred the greatest change. During the last few years the one way round exhibition has gradually become the exception and not the rule. We no longer want to be dragooned through the darkness. We don't want to be told *what* to see. We don't want to be told *when* we can see it. We don't want to be over brainwashed as to *how* we should see it.

All these trends were very vividly reflected in last year's exhibitions. During 1979 I would award two design bouquets, one to Neave Brown for *The Thirties* at the Hayward and the second to Barry Mazur for *The Garden* at the V & A. Both reflected the change in viewing taste for both were light in key, open in arrangement and eschewed over didacticism and route channelling. To resist camp in *The Thirties* was remarkable and I have never seen the Hayward The

But if we were staging either of these exhibitions in 1980, however, it would be highly unlikely that the same design solution would be successful. Times have changed. Just how much they have changed can be instanced by *The Vikings* at the British Museum which, although carried out with great care and conviction, in its design is backward looking. It is one way round and over didactic for the present public mood and the absolutely astounding loans fail to give one the tremor that they should.

Can design make or break an exhibition? Only rarely, for an exhibition success emerges largely out of the mental mythology of the masses. *Vienna in the Age of Schubert* was an impeccably stylish presentation by Paul Williams of the world of the *biedermeier*, acclaimed by the critics, but the British have never really known about this style, nor did attendances indicate that they were going to remedy the deficiency. Alan Irvine's impressive handling of the fabulously dull material in *The Gold of Eldorado* could not rescue that exhibition from public apathy. On the other hand, his design talents were used to superb effect in dressing up the mediocre exhibits that made up *Pompeli*, giving the public the illusion that they were seeing more than they were.

The costs of all this spiral upwards. Sums for the installation of *Pompeii* or *Eldorado* must have been in the quarter of a million pound range while the likes of *The Garden* or *The Vikings* I would guess skimped along on half that sum or less. Where will it end? The whole notion of a complex mise-en scène is a post-war phenomenon and follows the familiar economic graph but 30 years on design and presentation have *become so integral to exhibition* making that we have reached the equation, no designer, no exhibition.

Rainbow

Jerry Lee Lewis

by RICHARD JOSEPH

With his powerdrill repeated notes, left hand karate chop solos, a range of ecstatic thumb, elbow and foot glissandi and a history of pianos burnt, drowned or simply pulverised, old Jerry Lee is about as close as this age can come to a virtuoso in the Lisztian mould. He is, also, a member of the select group of players—rare in any music—who were able to redefine their instruments' resources and capabilities for their generation. Other recent examples are pretty much confined to the avant garde, and would include singer Cathy Berberian, trombonist Vinko Globokar and flutist Severino Gazzeloni.

At the Rainbow on Sunday Lewis gave a baffling, delightful performance, working on what looked like superlative automatic pilot. The audience (made up of subdued, respectful Teds of all ages) knew his riffs so well that his simplest gesture became, by implication, the emblem of a whole set of passage work; as good a definition of transcendent style as I've come across.

But his days as John the Baptist of Rock and Roll are clearly over, and his choice of material is disturbing. After a handful of wild, still mean numbers, abruptly terminated when Lewis shouted (and demanded "Thankyou!" the middle of *Lucille*, we heard a couple of all too standard Country Memory truisms, songs about being middle-aged, broke and in trouble, which shifted the atmosphere from carefree nostalgia to painful sentiment. Jerry Lee reminisced about the Old *Country Church* and then —to universal delight—the devil leapt out and led into the finale with *Shake Baby Shake*. The shifts are so bizarre, Lewis is so professional, that it is impossible to tell if they are the product of cynicism, despair or good old Memphis mythology. Sweet mercy.

Electric Ballroom

The Clash

The Clash tour has reached London. In the decaying splendour of the Electric Ballroom in Camden Town, once presumably a dance hall, for romantic encounter, the wilder side of youth, ferocious-looking in their shaven heads, tattoos, and dyes but relaxed in their togetherness, sweated through a performance which has as much to do with teenage exclusivity and cultural anarchy as music. There might be many poseurs present, proud to add a Clash concert to their battle honours, but the crowd was basically at one in celebrating alienation.

For the Clash, in at the start of the new wave four years ago, have managed to hold on to their anti-Establishment credentials despite a string of successful records and the financial embrace of a multinational recording company. They have done this by maintaining a running battle with the police, getting banned from numerous towns, failing to make money from concerts because of the bills for damages they have had to meet, the verbal hostility of singer Joe Strummer to virtually the whole human race, and through their music, which in the political and battling lyrics is sophisticated and effective. And The Clash have also developed a stage act with changes of pace and subtleties of melody, without losing the aggression and wildness which sprung the new wave.

Enough of the lyrics come through to show the quality of the Clash. It is fighting stuff, as in The guns of Brixton—"When they kick at your front door How you gonna come? With your hands on your head Or on the trigger of your gun?" —but, with reference to Lorca and the four horsemen of the Apocalypse, hardly unthinking. The Clash have to be admired for at least struggling to retain their integrity and with the sound now broadened out by the inclusion of keyboards they are impressive performers. The playing is tight but imaginative the musical range widening, the personality credible.

ANTONY THORNCROFT

Wigmore Hall

Carl Seeman

by DOMINIC GILL

Carl Seeman is the distinguished pedagogue, and also concert pianist, who is best known in this country as the duo partner of Wolfgang Schneiderhan. He is giving three solo recitals at the Wigmore Hall this month, the first of which last Friday was devoted to works by Handel, Haydn, Clementi and Beethoven; the second, an all-Mozart programme, follows this week.

Mr. Seeman is a thoughtful and scrupulous pianist whose playing lacks any trace of physical excitement. The manner has certain quiet virtues: a decent clarity of voicing and phrasing; structural points cleanly made, carefully considered. But the emotional charge of his performances, the musical voltage, was so low as to be barely perceptible; and the colouring of each almost wholly monochrome. It was disconcerting to hear music by the late-Baroque and Classical masters so drily proposed: but it was devastating to hear such a list, from a Handel Suite to Beethoven's six late Bagatelles, delivered without the slightest detectable alteration of dramatic stance or tonal character from beginning to end.

During the Beethoven Bagatelles, after three dogged, cog-wheeling accounts of Handel's G minor Suite and a sonata each by Haydn and Clementi, my mind began to wander back to the little exercise I developed in the days when I reviewed debut recitals regularly for The Times—imagining, eyes closed, that I was an examiner for the LRAM Performers' exam. Was this artist truly ready for a public debut? How did he or she measure against the best student recitals I had heard? It's a cruel, but realistic and revealing, exercise. And Mr. Seeman's score was not high: a pass certainly, for basic good sense: but nothing at all for wit, style, imagination or flair.

Wigmore Hall

John O'Conor

by DAVID MURRAY

Mr. O'Conor's recital on Sunday belonged to the current Sense of Ireland Festival, and duly included some Irish music. Of that, three nocturnes by John Field (1782-1837) — who is honoured for having invented the genre—were by far the most polished pieces. O'Conor delivered them with full modern tone, but freshly and simply; the two slow ones were no less charming than the brightly scampering Le midi. It seems a pity that Field's special historical claim prompts occasional revivals of only his nocturnes — there are several sonatas and concertos with appealing virtues too.

Recent pieces by Gerard Victory and James Wilson proved to be exercises in pure catch-as-catch-can pianism. Wilson's *Thermagistris* drew fairly exclusively upon the figurations of Debussy's *Feux d'artifice*, with a rhythmic motor lubricated with a little Villa-Lobos. Gerard Victory's *Verona Preludes* cast a wider net: plain echoes of more than a century's worth of music, from Liszt through Mussorgsky's *Pictures* and Berg's Sonata to Bartok and Messiaen passed in review—on and on and very loudly. Pianists used to improvise this sort of thing at parties (each of these preludes is intended as a sketch of somebody in *Romeo and Juliet*, with flanking magniloquent end-pieces). If one were pressed by well-meaning friends to give a more permanent form to such effusions, however, the convention used to be that one pulled them together a bit before publishing.

O'Conor gave a strong and honest account of Beethoven's last sonata, op. 111, not much elaborated in detail but expansively confident, once past the Introduction (the opening gestures were only single-dotted instead of double-dotted, and he found it necessary almost to halve his tempo for the broad melody). The announced Fourth Sonata of Skryabin was replaced disappointingly by Chopin's Third Ballade, swimming in pedal. A wringingly sustained climax made some amends for the sentimentalisation of the delicious second subject, its syncopated catches of breath eliminated by ignoring Chopin's own pedalling completely.

Graham Sutherland

Graham Sutherland, whose death was announced on Sunday at the age of 76, was born in London in 1903. He was educated at Epsom College and studied at Goldsmiths' College School of Art. After a brief period as an apprentice in the locomotive works of the Midland Railway in Derby, he started his career as an artist by producing etchings very much under the influence of Samuel Palmer and the Shoreham School. In 1926, Sutherland became converted to Catholicism and in the early 1930s he abandoned engraving and became both an artist and an art teacher. In 1934 he made his first visit to Pembrokeshire and began a remarkable series of paintings inspired by the natural forms and coastline of Wales, which continued until his death.

In 1940 he was appointed an official war artist and the general public soon became aware of Sutherland's powerful gifts through his studies of the devastation wrought in London by the blitz, in paintings of twisted girders and burned-out interiors. These striking works appeared to freeze the very moment of destruction in shapes of extraordinary beauty, lit up by the fiery glow of the bombs in stripes of orange, red and gold.

After the war Sutherland moved his studio to Menton in the South of France but he continued to make an annual pilgrimage in the spring to Pembrokeshire to renew his inspiration. He now turned to portrait-paintings beginning with Somerset Maugham and a new controversial period of his work was inaugurated. His portrait of Sir Winston Churchill did not please its illustrious subject and was eventually destroyed by Lady Churchill. Among Sutherland's eminent sitters were Lord Beaverbrook, Helena Rubenstein, Paul Sacher and Prince Furstenberg.

In 1952 Sutherland was commissioned to design a tapestry for the new Coventry Cathedral. This assignment introduced a spiky thorn-motif (for Christ's crown) into his work which persisted throughout many of his most mature pictures of this period. In 1960 he was awarded the Order of Merit.

In 1968 he published a series of animal lithographs entitled *A Bestiary*. In 1976 a Graham Sutherland gallery was opened in Picton Castle, Haverfordwest where a permanent exhibition of his work is on show consisting of some of his finest canvases. His death robs 20th century English painting of its greatest, most steadily productive genius.

A.C.

Gabrieli String Quartet to play at Clandon

The second of Herring Son and Daw's celebrity recitals will take place at 8.30 pm on Saturday, March 1, at Clandon Park, Surrey, which was also the setting for their inaugural concert last December.

On this occasion the Gabrieli String Quartet will perform works by Hummel, Dvorak and Beethoven.

Tickets and further information from Jacob de Vries DVC Ltd, 5 Dryden Street, Covent Garden, London, WC2E 9NW. (01-240 2430.)

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Tuesday February 19 1980

Mrs. Gandhi's priorities

MRS. GANDHI'S decision to dissolve nine of India's state assemblies probably violates the spirit of India's constitution. But it is hard for her political opponents to cry foul play. It was the Janata government who set the precedent in 1977 by dissolving state assemblies loyal to Mrs. Gandhi. It was argued that the assemblies no longer reflected popular opinion after the Janata party swept Mrs. Gandhi from power in the 1977 general election.

The motives in both cases are much the same. The Indian constitution provides for a federal system of government that leaves state governments with extensive powers over such areas as law and order, agriculture and power generation. They can thus thwart the policy of New Delhi as well as deprive the ruling party there of useful patronage.

Effective

When Mrs. Gandhi returned to power her party had control of only one state government. Since then she has obtained majorities elsewhere by tempting politicians to her side. But still in the northern Hindi speaking belt of India most state governments have remained in the hands of her opponents. That was clearly a situation unacceptable to Mrs. Gandhi with her vision of a centralised Indian union and with her impatience with dissent. It also would have made more difficult her task of delivering on her electoral promise to provide India with more effective rule.

Hastening Mrs. Gandhi's moves to get a firmer handle on the states has been her awareness that over the next six months there is likely to be a further deterioration in the economy and an increase in urban and rural unrest. She cannot count for much longer on the lull that followed her election victory. Prices are still climbing sharply, industrial production slowly and it will not be until about April that northern India will feel the full effects of last year's drought. Thus Mrs. Gandhi wants all the powers at her disposal to meet a potentially rising tide of discontent and of unfulfilled expectations.

A further reason for acting now is that elections to the Upper House of the Parliament are due in April. Mrs. Gandhi's Congress is in a minority there in contrast to the two-thirds majority which she has in the Lower House. The Upper House, a third of whose members are replaced every two years by indirect election through the state assemblies, has the power to stall or block legislation. Hence Mrs. Gandhi is anxious to use this opportunity to strengthen her hold on the Upper House through regaining control of more state assemblies.

Even though Mrs. Gandhi is unlikely to do as well in the state elections as she did in the general election, the result will certainly mean a further concentration of power in her hands. Many in India continue to be worried that she will use this to push through amendments to the constitution effectively muzzling the opposition to her and establishing a presidential system of government. So far she has gone out of her way to prove that she is a better democrat than the Emergency would suggest and her critics have given her credit for. But the concern remains.

Criticised

More immediately worrying is that Mrs. Gandhi will clip the powers of the states and return to an over-centralised system of government. India is too large and diverse a country to be ruled from Delhi. Some of the most striking agricultural and industrial growth rates have been achieved by states with independent and pushy governments such as Karnataka, the Punjab and Rajasthan.

In her six weeks in office Mrs. Gandhi has been preoccupied with foreign policy and with the political manoeuvring preparatory to regaining control over the states. She has rightly been criticised for neglecting economic policy and even failing to make ministerial appointments to key economic departments.

Neglect of the economy in 1974/75 and a reluctance to take such decisions until the last moment strongly contributed to the chaos which Mrs. Gandhi used as her reason for declaring the Emergency. She should not let events slip in the same way again—giving rise to similar temptations to resort to dictatorial means as a way out of the crisis.

Learning from Japan's success

FOR MORE than a decade, the success of Japanese industry has become a world-wide talking point. Gradually it has built up its major industries so that they can compete in overseas markets, not only on price but increasingly in terms of design and quality as well. At the same time other countries have found the Japanese home market difficult, if not impossible, to penetrate.

Over-worked

Emerging at a time when many Western countries have been facing increasing industrial and economic problems, the industrial successes of Japan have become surrounded by mythology. They have often been regarded as pinnacles which other less ordered and cohesive societies cannot expect to scale. A picture has grown up of an over-worked and under-paid workforce, represented by docile in-house trade unions, bound to their employers for life, producing goods which compete unfairly on world markets because of various trade arrangements. And on top of all this, so the story goes, the Japanese Government and its civil servants orchestrate the whole of the country's industry from the centre.

There is of course some substance behind all these allegations. But there is a different side to the story. Japan's experience contains lessons that could well be learned by other countries, even after allowing for the fact that different national traditions and history make it unwise to try to export laws and institutions from one country to another.

These lessons are spelt out in a balanced account of industrial policy in Japan which was published yesterday by the Policy Studies Institute. In particular the study argues that Japanese success has stemmed partly from aggressive and effective industrial management, especially in relation to long-term planning, marketing, and investment, together with a general consensus about industrial policy among business, labour, banks and the Government.

What emerges from the study is that it is the general building of consensus, rather than a bullying central direction from the seemingly all-powerful Ministry of International Trade and Industry (MITI), that has led to the success. The Japanese accept the legitimacy of the national Government as a guide and mediator in business affairs, and companies usually take notice when civil servants issue what is known as administrative guidance. Ministerial officials summon representatives of a company, an industry, or an industrial association to their offices and express wishes or expectations in the form of a request, recommendation or, occasionally, an admonition. Compliance is technically voluntary but, say the authors of the study, the officials do not hesitate to use the various carrots (such as access to investment funds), and sticks (such as holding up building permits), available to them.

It is this system that has led to the view abroad that MITI is always in charge of events. The study however shows that this is not necessarily so. MITI has had policy differences with other Ministries, for example over imports and over research and development, and it often accused other Ministries of being too protectionist. The study suggests that MITI was slow in supporting Sony's transistor investments, and that it failed in the 1970s to merge and consolidate the mainframe computer industry. MITI has been in conflict with aluminium producers about long-term policies.

Civil servants

MITI is therefore not infallible, nor is it always successful—a fact that might gladden the heart of Sir Keith Joseph who believes that civil servants are inherently incapable of deciding what is best for industry. Much of Japan's industrial success stems from entrepreneurial initiatives in which MITI has played no part. But MITI does play a key role in the system of consensus against which companies make their own, often highly successful, business decisions. This does not mean that there has to be a highly interventionist Industry Ministry in every capitalist country. But it does indicate the Governments and civil servants can make a positive contribution to the promotion and encouragement of industry.

Major Saad Hadad (centre of picture) with Christian militia in southern Lebanon (left), and Syrian troops (right) moving into positions near Palestinian refugee camps south of Beirut in the summer of 1977.

Renewed danger of war in Lebanon

BY ROGER MATTHEWS IN BEIRUT

THE DECISION by Syria to withdraw its peacekeeping troops from Beirut has come as sharp reminder to the industrialised world that whatever the longer term threat posed to the Middle East and its oil supplies by the Soviet invasion of Afghanistan, the more immediate danger of a conflagration lies in Lebanon.

The tragic sectarian, confessional and political battlefield of once relatively prosperous and sophisticated Lebanon is a tap that can be turned on at will by both external and internal forces. Much more difficult is to turn it off again and the palpable increase in tension during the past week with artillery duels in the south, daily sniper fire in the capital, stepped up Israeli aerial activity and more heavy fighting between rightist militias in the north, only emphasises how easy it is to predict a resumption of the civil war.

Assessment of motives

Whether such a prediction is justified and whether, more alarmingly, it might develop into a broader conflict, rests on an assessment of the motives and aims of the principal interested parties. In a part of the world where even Machiavelli might have been out of his depth, the risk of one side misreading another's intentions increases the danger still further.

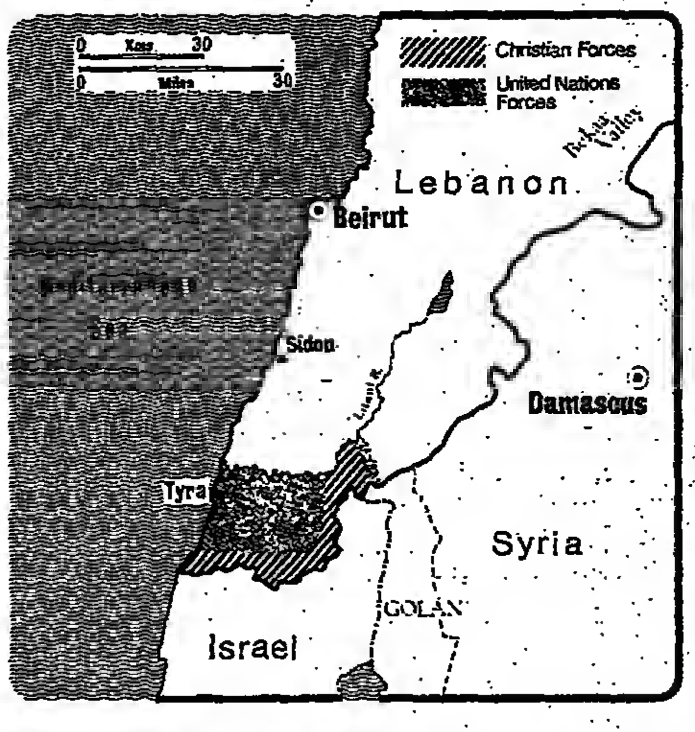
Probably no one motive governed the Syrian decision to pull back from Beirut, but rather a coincidence of reasons. Officially, it is tired of acting as a policeman in an apparently endless and hopeless round of squabbles between Lebanon's politicians. It is angered by accusations that it is an occupying force, especially when those charges come from the Right-wing Christian militias on whose behalf Damascus originally intervened in 1976 to save them from annihilation at the hands of the Palestinians and Left-wing Moslems. More critically it sees the Right-wing Christian now entering an almost open alliance with Israel, another slice of Arab territory falling under the influence of its most implacable enemy, talk of partitioning Lebanon on the increase and hopes of national reconciliation fading.

When senior Syrian officials talk of being stabbed in the back and of forcing some Lebanese to turn the cards they are playing face up to the world, what they are really expressing is their deep distrust of Lebanon's President Elias Sarkis. The Maronite Christian President is accused of sabotaging efforts at national entente by being too sympathetic to Right-wing demands, of reneging on promises and of concentrating on limiting the Palestinian presence in the country when the real enemy, Israel, is strengthening its grip.

Syria would also like to show its own population that its commitment of over 25,000 troops in Lebanon is not open ended. Domestically and internationally 1979 was a bad year for the Syrians. The sense of drift, economic mismanagement and corruption at home was sharply exacerbated by a spate of killings aimed mainly at the politically dominant Alawite sect, which accounts for little more than 10 per cent of the population and is resented by many of the Sunni Moslem majority.

Internationally Syria's policy options were pared to the bone. Egypt's President Anwar Sadat's peace treaty with Israel removed any military possibility of recovering the occupied Golan Heights or securing a homeland for the Palestinians, while the much vaunted rapprochement with potentially powerful and oil-rich Iraq quickly turned to ashes. Syria's President Hafez al-Assad tried to let some steam out of the overheating pressure cooker by permitting remarkably frank criticism at a special congress of the ruling Ba'ath Party, by instigating large scale changes in the party's political leadership and by bringing in a new government with two thirds of the portfolios changing hands. But he probably has bought only limited time and though doubts about his regime's stability have eased they have not disappeared.

Although there have been no credible reports of dissent within the armed forces, political concern may in part explain President Assad's decision to pull out an armoured brigade from the Lebanese coastal town of Sidon and station it in the Bekaa Valley where it is both closer to home and strategically placed to block an Israeli advance. If the Syrian military genuinely fear an Israel attack, just as the Israelis are purported to suspect Syria's intentions, then it would also make sense for Mr. Assad to regroup his two brigades from Beirut in the three places he is thought to have chosen—to the south and east of Beirut airport and on the road to Damascus, some seven miles or so from the Lebanese capital.



'Irreversible' decision

Theoretically this should allow Syria to fulfil its "irreversible" decision to leave Beirut while also maintaining its commitment to prevent the outbreak of another civil war. Ideally, the Syrian positions in Beirut—critically along the "green line" that divides the Palestinians and leftist Moslem in the west of the city from the rightist Christian militias in the east—would be taken over by the reconstituted Lebanese army.

However that is unlikely to happen because whatever they say in public, the Syrians, Palestinian and Moslem leftists all distrust the impartiality of the 22,000 strong force and argue that President Sarkis has allowed it to become biased in favour of rightist Christian officers.

One of Syria's most insistent demands is that President Sarkis must improve the confessional balance of the army and at the same time force the right-wing Maronite militias to renounce their co-operation with Israel. If that does not happen, and there appears no way that the politically impotent Mr. Sarkis could fulfil these demands however much be wished to do so, the threat is clear.

The Syrian army will hand over its positions in several areas of Beirut to an alliance of leftist Moslem forces and the Palestinians. There is already evidence that Syria is trying militarily to squeeze Maronite strongholds in the north of the country in co-operation with the Marada brigades of former president Suleiman Franjieh, who since the murder of his son Tony has been locked into a bitter blood feud with the two main rightist Christian leaders, Pierre Gemayel and Camille Chamoun.

Implications of failure

The immediate effect of all this has been to provoke a flurry of political activity with delegations rushing to Damascus to plead for a delay in the Syrian withdrawal and intensive top-level meetings in Lebanon aimed at giving some impetus to the stalled process of reconciliation to which everyone is publicly pledged. In case anyone should forget the possible international implications of a failure to reach the most modest of temporary compromises, the Israeli-backed militias of Major Saad Haddad and the leftist and Palestinian forces in the south have been busily trading shells across the heads of the helpless United Nations troops.

From Syria's point of view this has already achieved one objective—to focus attention on itself, the pivotal role it plays in the area and what it feels to be the irrelevance of the Islamic world's indignation at the Soviet invasion of Afghanistan. Despite the recent three-day visit by Soviet Foreign Minister Andrei Gromyko to Damascus, Syria did not fully support the Russian action and the explanations by senior officials of why it did not attend the conference of Islamic Foreign Ministers are particularly unconvincing.

Syria has certainly served Soviet interests during the past ten days by diverting attention from Afghanistan, but it is a long way from becoming the surrogate state some accuse it of being. President Assad is gratified by recent Soviet arms deliveries which include the advanced T-72 tanks and MiG-25 aircraft together with some missiles that have allowed Syria to extend the protective cover for its more northern cities. Yet Soviet personnel in the country are still subject to closer surveillance than Westerners, and the small local Communist Party in Syria is barely tolerated. The murder of four Soviet military advisers in the past weeks has led to the 2,000 or so Russian personnel in Syria being placed under tighter restrictions.

But for so long as Syria remains convinced that the U.S. is content with the Egyptian-Israeli peace treaty and intends to do nothing about the occupied West Bank and Gaza Strip it will be wedded to the Soviet Union. Equally, Syria will feel bound to act against U.S. attempts to weld the Islamic world into an effective anti-Soviet bloc.

In this there might ironically be some coincidence of Syrian and Israeli interests. There are plenty of people in Lebanon and Syria who believe that Israel is purposely provoking tension in order to make the Palestinian autonomy talks between Egypt, Israel and the U.S. still more difficult. Similarly, there are those who think Israel would like to intervene more deeply in Lebanon in order to hit the Palestinians under the pretext of saving the Right-wing Maronites from "a pogrom." There are probably also Syrian hawks who might argue in favour of a limited war with Israel which, though they would certainly be rapidly defeated, might push the Gulf Arab states into the use of the oil weapon.

Characterised by caution

Fortunately President Assad's 10-year rule has been characterised by great political caution. On past experience he is not going to act precipitately in Lebanon and risk the bloodshed spilling over into Syria. Perhaps he will be satisfied with the present gestures that expose the dangers while keeping them within containable limits. But more than anything, Syria and the rest of the Arab world need emphatic progress on the Palestinian issue, if not within the Camp David framework then in a broader international forum. Without that Lebanon will fester and daily run the risk of blowing up in everyone's face.

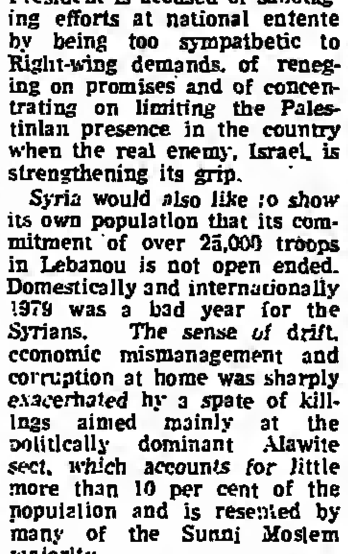
MEN AND MATTERS

Arrival of a bridge builder

SINCE BRITAIN JOINED the Common Market and most of the top-level ambassadorial work has been taken over by delegates at PoCo (political co-operation) meetings, the burdens on ambassadors have been considerably lightened. It is therefore curious to see that Helmut Schmidt has sent one of his closest advisers and most highly regarded work-horses to take over West Germany's London Embassy.

Jurgen Ruhfus, now installed doing the diplomatic rounds and deeply involved in sorting out problems with the removal men, comes directly from Schmidt's inner circle, where he advised the Chancellor on foreign relations and external security. The most likely theory is that he is here to help close the gaps which have opened up between Britain and its EEC partners.

Before he was snatched from the diplomatic merry-go-round to work for the Chancellor in 1976, Ruhfus, 50 in August, served in Geneva and Dakar. He was also ambassador in Kenya for three years. Among his greatest successes, observers cite Schmidt's triumph at last winter's world summit meeting in Guadeloupe, where the West German leader celebrated what many viewed as his first major success in international policy-making.



"Don't worry about Peter Walker—comes in like a lion, goes out like a lamb"

Still winning

Ever since independence, when Nigeria had three states, the existence of dozens of different tribal and religious groups has led to the creation of more and more mini-states.

For further sub-division to produce another four regions. I hear one of these, which lobbyists hope to carve out around the town of Onitsha on the River Niger, will be called Wawa. Old Africa hands grin wrily at this. Wawa is a term well known among Europeans frustrated by the sharper practices of that part of the world. Often heard as a consolatory toast, "Wawa" means West Africa Wins Again.

Turning the tables

Now that the Peterborough Effect is firmly entrenched in the popular mind (Peterborough businesses are claimed to grow 15 times faster than the rest of the country), others are cashing in on the strange mathematical distortion which greet the traveller venturing north of Watford.

Surveyors acting on behalf of Lesser Land are now vaunting the virtues of Luton. "Cut your office rental costs," I read yesterday, "by more than 500 per cent." A partner in the surveying company involved argues bravely that "if you are paying over £20 a square foot in central London, and £3 a foot somewhere else, that's five times less, isn't it?"

My pocket calculator and I worked long and hard on that one, but eventually I sought out Peter Riddell, a man who understands these things, and popped the question. "Reduce anything by 100 per cent and it becomes zero. A reduction of 500 per cent is a logical impossibility," he assures me. Logically, one can only assume that Lesser Land, for reasons best known to itself, is actually offering companies money to set up shop in Luton.

Scots unionist

Electoral prophecy is hardly my line, but I see vaguely promising auguries for journalist and unemployed Parliamentarian, Teddy Taylor, who was last weekend nominated Conservative candidate in the forthcoming by-election at Southend East. Hotly-tipped as Secretary of State for Scotland before he flunked last year's General Election polling test, Taylor keeps in trim by penning a political column for the Sunday Mail, and has recently proved he still has a measure of pulling power where voters are concerned.

He was elected treasurer at the annual meeting of the West of Scotland freelance branch of the National Union of Journalists. Going by my own experience however, the appointee to this lowly but no doubt worthy post, which demands constant hot pursuit of hard-up hacks, quickly becomes almost everyone's worst enemy.

Stately showcase

The stirrings of jingoism behind BL's "Buy British" campaign, and young Mark Thatcher's unhappy time at the hands of the Press over his foreign sponsors, appear not to have been noticed in deepest Rutland, where Charles, Duke of that county-that-was, has let out stately Belvoir Castle for a week in April so that Hitachi, the Japanese electronics company, can show off its latest in gadgetry and hi-fi to its British dealers.

All the main rooms in the castle will be used for the event, which has been put on to celebrate Hitachi's 10th anniversary in the UK market.

Hitachi's spokesman says other stately home owners were approached with the proposition, and most were keen. Belvoir was chosen in the end because of its central position near Grantham and its good communications by road and rail. The Duke of Rutland, who is taking an active part in the scheme, says: "I am sure the whole event will be resoundingly successful, and I look forward to holding similar functions with other major companies in future."

Book value

The flight from money has led to some strange collecting cults—one of the latest being RAF pilots' log books from the last war. At least one London dealer whose usual field is coins and medals is now advertising for them. As with other collector's items, quality is all. A fighter pilot's log book with a number of "kills" recorded is highly saleable, a run-of-the-mill bomber pilot's less so.

Although a pilot's flying log book was a very personal record, the book itself remained Government property and had to be handed in when the flier left the RAF. The Air Ministry later offered the log books back to the owners, but thousands remained unclaimed and were destroyed.

To test the market, a colleague who modestly describes his wartime pilot's career as "so-so" (his log book records 12 types of aircraft flown, including Spitfires and the RAF's first jet, the Meteor, and the award of the DFC) asked for a price for his own souvenir of the war. He was offered £80.

Pilot scheme

Suez Canal pilots, tugmen and clerks are to have lessons to improve their English. But, as the Egyptian Gazette asks, will the Heliopolis International Institute be attracting the right sort of clientele? The course is called "Hallo, Sailor."

Observer

A £1bn tab for Britain's taxpayers

By STEWART DALBY in Belfast

NORTHERN IRELAND, which has a population of just over 1½m people will cost the British tax payer around £1bn in 1979-1980. Since there has been confusion about the costs it is worth spelling them out. Northern Ireland in the year which ends in April should have received a budget of £2bn from the British Government. When tax receipts and duties from Northern Ireland are deducted the net figure works out at around £1bn.

The last time a breakdown of a net figure was given it came from the previous Secretary of State, Mr. Roy Mason, in a parliamentary answer in February, 1978. As the table shows, the largest single item came from the Treasury as grant in aid. There were then other contributions from the Justice Department, the *Ministry* of Agriculture (for subsidies and taxes) and for national insurance.

The grant in aid for 1979-80 is around £560m to £600m. Allowing for trend increases in the other categories, the total net figure works out at roughly £1bn.

It would ha conveniant to break down the grant in aid budget so that one could say that capital subsidies cost so much, insurance claims so much and so on. However, all expenses come from the *gross* figure. That is to say, for example, the £53m which the De Lorean Motor Company will receive for its new plant in West Belfast comes from the £2bn budget.

The picture is further complicated by the fact that although some of the direct costs of the "troubles"—prisons, courts, etc—are *included* the cost of tha army is excluded. The argument here is that the army would be in Northern Ireland in some shape or form even if the conflict did not exist.

It is recognised, howevar, that there is an extra cost involved in the army being more intensely operational in Ulster than, say, in West Germany—there are more helicopters flying around, more armoured cars and more troops than before the "troubles." This extra cost is usually put at around £80m to £100m a year.

While it is difficult, therefore, to estimate what exactly are the direct costs of the conflict one can say the cost of the troubles plus indirect *spins-offs*, plus the expense of subsidising old and inefficient iodustries amounts to just over £1bn net.

Mr. John Simpson, senior lecturer in economics at Queens University, who specialises in Northern Ireland's economy estimates that very roughly *if* the province were still in the relative tranquility of pre-1969 *the cost to Britain* would be something like £500m a year.

Eveo without the conflict Northern Ireland has particular economic problems. It has virtually no natural resources save its skilled workforce. There is no oil and no coal. Nearly 90 per cent of electricity, for example, is now oil fired. Northern Ireland is not connected to North Sea gas and what gas there is is naphtha-derived. This means it costs something like 60p a therm, or three times what it does in Britain.

The cost of imported energy and some food means that the cost of living in Northern Ireland is marginally higher than in Britain. Coopers and Lybrand, the management consultants, in their first major assessment of Northern Ireland's economy *recently* estimated that the cost of living is 4 to 5 per cent higher.

Some government officials and academics think this is on the high side. They also feel that Coopers and Lybrand's unemployment projection is too *pessimistic*.

Their study says that by the end of this year, unemployment could reach 17 per cent of the workforce, that is 90,000 people. At present unemployment is 11.5 per cent or nearly twice the British average. The consensus view is that unemployment could reach maybe 75,000 to 80,000 against the present 66,000 out of a workforce of 550,000, and this would mean a rate of 13.5 per cent. *The generally agreed figure for normal* pre-troubles unemployment is around 7 per cent.

If the general conclusions of the Coopers and Lybrand report seem too pessimistic, the document, however, does give a good profile of the employment situation. It finds, for example, that unemployment among Catholics can in some areas be two and half times higher than the regional average. This figure squares with what the Fair Employment Agency believes. It estimates that the service sector has grown from 53 per cent of the workforce in 1973 to 71 per cent today. This sector has baen swollen by the large number of women working in a part-time capacity as well as by intakes in the police and security forces.

Aa in the rest of the UK, the unemployment situation would he worse if not for female employment.

All these findings go to underline the major fact of life in Northern Ireland that em*ployment in maoufacturing*—predominantly male—has been dropping steadily.

The main industries io Northern Ireland are textiles, shipbuilding, engineering, and aerospace. With the exception of aerospace, order books are not good.

Coopers and Lybrand estimates that output in manufacturing industry could fall by 4 per cent this year. Again this seems a little pessimistic, but it could be explained by the loss of production at Harland and Wolff.

This shipbuilder once employed 25,000 people. After cuts in the past year its workforce is down to 7,000. The four ships being built are a British Rail *car ferry* and three LNG container ships. After that the orders are few and far *between although* there could be some naval work. Mr. Giles Shaw, the junior minister in charge of industry, has warned that the amount of aid giveo in the current year—more than £20m—to meet operating losses could be the last subsidy unless productivity improves. It is, however, difficult to improve productivity if the shipyard has oot got anything to produce.

Population

Harland and Wolff is suffering from the world-wide problems of shipbuilders. But Courtaulds, which with 8,000 employees is the single largest employer in manufacturing, is also having its problems. It recently cut hack 320 jobs at polyester plants. Its workforce is down from 9,000 a year ago, and the orders outlook is not good.

Short Brothers with its popular SD330 short haul aircraft is a hright spot. But with jobs shrinking in textile concerns as well as in engineering there is probably a need to create some 4,000 oew johs a year. *This figure* does not take account of the fact that Northern Ireland has a rapidly growing population and workforce (live births in the province are around 18 per thousaod compared with 11 in Britain), or of the fact that prohahly 2,000 workers are leaving the agricultural sector each year. Finally there is the possibility that the 10,000 workers who used to go to Britain each year are not doing so in the same numbers because the work in Britain is dryiog up. Taking all these factors into account, there is probably a need to create 7,000 to 8,000 new jobs each year, in addition to the 4,000 mentioned earlier.

The only way to do this is to attract new investment and particularly new foreign investment.

Possibly nowhere else in the developed world offers such good *incentives* to *potential* foreign investments. Capital grants of 50 per cent are available and together with loans and equity interest from the Northern Ireland Development Agency, a company can receive 90 per ceot of its start-up costs.

The De Lorean Motor Company, for example, which hopes to create 2,000 jobs at its sports car plant, is due to receive £53m, although some of this will be paid hack. This works out at *£26,500 a job*. The average cost of job creation is nearer £12,000 a job, which is still high. The *Irish Development Authority* in Dublin reckons it spends £5,000 a job although it has gone well over this on occasions aod the figure does not include the "tax holidays" to foreign investors.

Despite the high inceotives, only nioe foreign companies have agreed to set up in Northern Ireland in the past year. They should create 5,000 jobs. Even if the recently announced project by Lear-Avia to build a new executive jet near Aldergrove Airport materialises, it would still — with 1,000-plus jobs — leave the province below the necessary *target of 7,000 new jobs* in the coming year. But nioe companies are better than none, which *was the case three years* ago.

But from these figures *Northern Ireland is clearly* having to run very fast not even to stand still.

Apart from the incentives, the province has a workforce well versed in manufacturing skills, there is in general a good productivity record aod its strike record is better than Britain's.

But the trouhles or the image of them is a strong disincentive. If the provioce is going to attract more investment it will *have to* go on paying the subsidies.

There were great fears that *Mrs.* Thatcher might try to cut the grant in aid. The £1bn net cost is unfortunately similar to the sum she says Britain cannot afford to contribute to the Common Market budget. Many officials thought Mrs. Thatcher might decide that Britain could not "afford" the cost of Ulster. So far she seems to have been persuaded that Northern Ireland is a special case. The province has been asked to find £65m in public spending cuts in 1979-80. Out of the £2bn budget this should not have a great effect on the number of jobs in the province. The Civil Service has to lose 800 jobs which it should do by natural wastage.

Sir Keith Joseph exempted Northern Ireland from the reductions in regional aid.

However, officials are bracing themselves for what might *come in Sir Geoffrey Howe's* next Budget. There are also some worries about the Government making good its threat not to give Harland and Wolff more money.

The point about Northern Ireland is that for it to remain part of the Union with Britain as the majority of its population wants, it costs a lot of money and it will continue to cost a lot of money, aod not just hecause of the aectarian unrest.

A bright spot for Ulstar's industry: the popular SD 330 shorthaul airliner

THE RISING ECONOMIC COST OF ULSTER

(£ million)

	1973–74	1974–75	1975–76	1976–77	1977–78*	1978–79*	1979–80*
Social services†	31	—	—	—	—	—	—
Health services†	15	—	—	—	—	—	—
Regional Employment Premium†	8	—	—	—	—	—	—
Remoteness Grant (Agriculture)	2	2	2	2	—	—	—
Agricultural subsidies paid by Ministry of Agriculture, Fisheries and Food	36	37	22	32	24	—	—
National Insurance	26	42	38	56	64	—	—
Grant in aid	175	199	351	360	480‡	—	—
Northern Ireland Office—Reserved Services	20	109	152	170	175	—	—
Refund of VAT	1	4	6	5	5	—	—
Total Payments	314	393	571	625	748	845	1,000

* Estimated.

† *Incorporated in grant in aid from 1974.*

‡ Does not include £250 million to cover the redemption of Northern Ireland Electricity Services borrowings.

Source: Hansard, Written Answers, February 16, 1978

Letters to the Editor

The crunch for UK cars

From the Chairman, Lintas

Sir,—The pink but baleful BL bulldog, staring at me from your pages, makes me wonder how people can express strong nationalistic support for a product and yet avoid buying it at all costs.

It appears to be a contradic*tion in terms. Yet my agency* has confirmed this odd state in a recent research of national images which took in several countries, including France, Germany and Japan over a whole range of consumer durable categories and attributes including the dreaded car.

In terms of overall preference, Great Britain convincingly beat the other European countries when respondents were asked which country they woold *choose*, taking everything into account, if they were buying a product from each category. For cars and domestic appliances, GB beat all other countries in the survey.

One of the most striking conclusions is that, in spite of having the shortcomings of UK goods rammed repeatedly down our throats by the Press and TV programmes, the British consumer does still have a high regard for home-produced cars and they came top for good after-sales service and second only to Japan for making cars that last and which are good value for money.

"Reliability" emerged consistently and clearly as the most important attitudinal factor in the purchase of specific goods. The highest figure was 53 per cent for TV sets, the lowest 38 per cent for audio equipment, and cars were in between with a rating of 48 per cent.

This is where the crunch comes for UK cars. With Germany scoring 49 per cent and Japan 42 per cent, the UK assessment for reliability of cars plummeted to 21 per cent.

In other words, no one wants to be stranded while his car arbitrarily locks itself into a *state of suspended* animation as so many owners of BL cars have declared since Sir Michael Edwardes made his appeal *to* buy British.

There is no doubt that our national images *survey* shows that the British spirit is still very willing to buy British, hut the British flesh is predictably flabby when it comes to signing a blank cheque for unreliability. If Sir Michael and his team could provida the reliable product, then advertising would give the impetus for a turnaround in sales.

There is a well known marketing principle. People only buy a had product once.

T. P. Deneby.
Lintas House,
New Fetter Lane, EC4.

Productivity in textiles

From the Vice-President, Kurt Salmon Associates

Sir,—The report "British industry to seek textile curbs" (February 12) highlights a situation which is *doubly* damaging to UK suit *manufacturers*.

Cheap imports have a direct impact on our manufacturers, substituting for *suits* which would normally have been made in the UK. The very subject of cheap imports, however, distracts attention from the important fact that many suits are imported from high labour-cost countries in the EEC. We know that some of these suits are "outward-processed" (made in low labour-cost countries for manufacturers in high labour-cost couotries), but a *large* proportion are actually made in the high labour-cost countries, Wages in these countries are at least double those paid in the UK.

In order to survive, German and Scandinavian suit manufacturers have had to introduce equipment, methods and managemeot techniques which *result in high quality and high* productivity. Efficient German manufacturers can produce up to 20 suits per direct employee each week while equivalent UK manufacturers prodnce around 12 suits per direct employee.

Given the availability of finance, the confidence to invest in improved manufacturing methods, commitment by top managements and the availability of trained managers, UK suit manufacturers could produce at the same levels of quality and productivity as our competitors in Germany and *Scandinavia*. Those UK manufacturers that are investing in modern facilities and skilled managers and are *designing* products that the consumer wants, will survive the recession and be ready to take advantage of the upturn.

John Beddows
Kurt Salmon Associates
60 Stamford New Road,
Altrincham,
Cheshire

Small craft foundries

From Dr. D. Hitchens.

Sir, — All your correspondents (February 7, 13, 14) are agreed that there has been a long-run decline in the number of ironfoundries in this country. In the past 20 years 800 foundries have closed and closures have been substantial even during upturns in the economy.

The chronic ailment which has afflicted the small foundry sector of tha industry is that supply of the kind of casting produced has been persistently *above* demand; and consequently most firms of this kind found it impossible to earn an *adequate rate of return*. Low profitability has meant low investment and, due probably to the long life of the plant, the rate of exit of firms from the industry has been slow.

NEDO's suggested *remedial* action will only make the disease temporarily more comfortable, because they suggest blanket proposals to subsidise all small foundries. Government policy would he better channelled towards the en*couragement of* the efficient fonndry disabled by the excessive competition — by allowing the inefficient to leave the industry at their own pace.

The days of the one-off cheap casting are fast disappearing, and buyers will soon have to pay *the economic cost of* production.

Dr. D. Hitchens.
National Institute of Economic and Social Research.
2, Dean Trench Street,
Smith Square, SW1.

The status of engineers

From Mr. A. Gray

Sir,—The insistence of the media on continuing to insinuate that the engineer is *solely* a skilled technician who spends his whole time on strike, typically exemplified by the carton illustrating the article "Enhancing the education of the engineers" (February 12), must ensure that British industry is going to continue to fail to attract commercially-minded engineers.

The chartered engineer in British industry requires status, similar to that afforded in other European countries. Surely the engineers *who supervise the pro*ductioo of the industrial meaos esseotial for this country's survival should rank just as highly in our society as those who manage only the wealth so produced. Courses such as that described at Brunel University are certainly a step in the right direction, but a change in society's attitude is equally important.

A. N. Gray.
56, Stour Road,
Tyldesley,
Lancs.

Employment legislation

From the Director, Foundation for Management Education

Sir,—It should be the inalienable right of every person *within the law (a) to withdraw* his labour whenever he or she wishes, and (b) to do the job he has contracted to do whenevar he wishes i.e. not to be forced not to work. The former has long been recognised in Britain. Any new employment legislation should overtly and specifically enshrine the latter.

Philip Nind.
Foundation for Management Education,
Management House,
Parker Stret, WC2

Stock Exchange examinations

From Mr. A. Mallinson

Sir,—*May I*, as a non-member of the Stock Exchange, but one who last year completed the Stock Exchange examinations, add my bit to the comments made by Mr. Bradshaw?

If, as Mr. Bradshaw says, some form of examination is necessary for aome (but not all) aspirants, he is calling into question the form and standard of the examination, about which I can take a view, and also an exemption procedure, about *which I am* not *qualified* to *take* a view.

As to the form and standard of the examination, *I* cannot agree that they are an "absurd system," or "arbitrary," or that they merely require "an ability to learn parrot-wise lists of archaic rules and regulations." I didn't have to take all the papers, but was granted exemptions on *the basis* of *my pro*fessional qualifications, which is reasonable. Nor was I seeking to become a member of the exchanga; but had that been my *intention*, then the examination would hava been necessary, both from my point of view and that of the *Stock Exchange* itself.

I know of no worthwhile profession to which I can aspire without having to satisfy an academic test. The professional *accountancy bodies to which* I belong admit no-one, no matter how high his status, other than by examination. *If*, aa Mr. Bradshaw says, the stock exchange is a profession, then why should its standards be lower than its nearest related professions? Anything which promotes the idea of a profession, as against the still widespread notion that the stock exchaoge is a privileged and *well-heeled* club, must surely be to the good.

It is true of maoy other professions also that perhaps some of the leading lights could not pass the current examinations. I often ask myself, could I pass the final professional accountancy examinatioos for which I regularly coach my students? It was because investment technique had come to figure so much in what I do, that I decided to take the Stock Exchange examination at a mature age, but also to prove to myself that I could still do it! Well, I proved it, but not at the first attempt.

The examination is an honest one. It is not intended to be academic: it is a professional examination, and none the worse for that. It sets the standard required for one who intends to practise his profession in the market place. In an age when standards are being diluted all round, I feel the council is right in joining the professional bodies who have at least maintained theirs.

Allan Mallinson.
Principal Lecturer, Dept. of Accountancy and Professional Studies, Huddersfield Polytechnic,
5, Sunny Bank Road,
Edgerton, Huddersfield.

Share the work

From tha Chairman
Chief Executiva Assignments

Sir,—History appears to indicate that unemployment is directly related to deflation and as we must reduce inflation from the present levels can we not do more than leave the cure to market forces?

Industry does not have the resources to cope with more than modest growth and the additional redundancies created by management bent on large gains in market shares undeserved by normal commercial practices. There is a need for more than low rental factories and per capital grants. Someone has to identify useful purpose to create self-sufficient exchange values from the redeployment.

If the people employed by Government were to spend 75 per cent of the time now spent on updating economic forecasts and attempted to create positive wealth-building opportunities awaiting surplus labour and capital would they be successful? It would seem that their trained minds working in sheltered environment ought to be able to do so if indeed it is possible. *If, however*, it is not posssible to organise ourselves and have purposeful non-inflationary full employment then perhaps it would be better to admit it and place work sharing as a major item in Government and not leave it as a heated *issue* that at times diverts unions and management from better purpose.

Business rarely finds new activities and greater effort still has to be made in order to avoid all the horrors of unemployment or the equally disastrous consequences of temporary avoidance of unemployment by encouraging inflation.

Roy Fenton.
Chief Executive Assignments,
114, New Cavendish Street, W1.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, addresses Fuel Luncheon Club, London.

Public inquiry opens into UK Atomic Energy Aothority application for test drilling in Galloway Hills, Ayr Town Hall.

TUC nationalised industries committee.

Mrs. Shirley Williams gives Fawcett Lecture on womeo in politics, Bedford College.

Prioce Charles visits the Treasury.

The Ecooomist's conference on joint ventures with the Chinese, Londoo.

International Offshore Oil Exhibitioo and Conference opens, Southampton (until February 22).

Labour Party delegation leaves to observe Rhodesia elections.

Overseas: EEC Foreign Ministers political co-operation meeting, Paris.

Governing Board of the International Energy Agency meets, Paris.

Presideot Daoiel Arap Moi of Kenya visits Washington for four days of talks with President Carter.

Mr. Sunao Sonoda, special envoy of Japanese Prime Minister, starts 25-day tour of Middle East.

North and South Korean delegates meets at Panmunjom to discuss reunification.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion oo the need to contiuue to pay pensions and other social security benefits weekly through the Post Offices. At 7 pm Opposed private business. Motion on EEC documents on water pollution. Reserve Forces Bill (Lords) second reading, and remaining stages of the Residential Homes Bill (Lords).

House of Lords: New Hebrides Bill (HL), third readiog. Competition Bill, committee stage.

Select Committee: Foreign Affairs. Overseas Development Sub-Committee. Subject: implications for and develnpment of the increase in overseas students' fees. Witoesses: Professor R. N. Hazeldine, University of Manchester. World Uoiversity Services. National Union of Students. Room 16, 3.15 pm.

OFFICIAL STATISTICS

Prelimioary estimate of gross domestic product based on output data (fourth quarter).

COMPANY MEETINGS

Burco Dean, Great Eastern Hotel, Liverpool Street, EC, 12.

Nottingham Mfg. up £1.4m after static second half

SECOND-HALF profits of Nottingham Manufacturing Company edged ahead from £10.43m to £10.79m, and the year to December 31, 1979, finished with the pre-tax surplus £1.43m higher at £16.84m.

Turnover of the knitted outerwear, hosiery and tufted carpet manufacturer improved from £146.2m to £163.41m.

Taxable profits were struck after depreciation of £3.81m (£3.52m), investment income of £3.21m (£2.09m), and loan interest of £0.66m (£0.69m).

The net total dividend is effectively stepped up from 2.7167p to 3.75p, with a final of 2.75p, as forecast. Stated earnings per 25p share are up from 15.78p to 16.92p.

Tax took £5.04m (£4.48m). Attributable profit emerged at £11.8m, compared with £10.92m.

At balance date, group fixed assets totalled £27.57m (£23.61m) and net current assets amounted to £48.19m (£40.23m).

	1979	1978
	£000	£000
Sales	163,411	146,200
Trading profit	18,084	17,524
Depreciation	3,807	3,516
Investment income	3,214	2,087
Int. on loan capital	655	690
Profit before tax	16,836	15,405
Tax	5,041	4,483
Net profit	11,795	10,922
Dividends	2,614	1,880
Retained	9,181	9,042

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: Westminster and Country Properties.

Finals: City Offices, Drake and Scull, First Scottish American Trust, Ernest Jones (Jewellers), Mercantile Investment Trust, Meldrum Investment Trust, Norfolk Capital, Olives Paper Mill, Thermal Syndicate, West Coast and Texas Regional Investment Trust.

FUTURE DATES

Interims:—

Australian & Internatl. Trust	*Feb. 27
Nolton	Feb. 26

Finals:—

Alexanders Holdings	Feb. 25
Anglo-African Finance	Feb. 20
Anglo American Coal	Feb. 21
Bridgewater Estates	Mar. 7
Carliol Investment Trust	Feb. 22
Channel Is. & Intl. Inv. Trust	Feb. 22
Dickinson Robinson	Mar. 12
London & Lomond Inv. Trust	Feb. 26
SKF (Aktiebolaget)	Mar 5
Sharpe & Fisher	Mar. 20
Tyneside Investment Trust	Feb. 22
Wardle (Bernard)	Feb. 21
Westwood Dawes	Feb. 21
Woolworth (F. W.)	Mar. 12

* Amended.

Jentique just ahead at midway

DESPITE LOWER turnover and increased interest charges, pre-tax profits of Jentique (Holdings), clock and furniture manufacturer, have risen slightly for the half year ended December 31, 1979.

Turnover amounted to £5.73m against £5.96m, and after interest of £81,960 (£51,340) the taxable surplus came out at £309,030, compared with £292,960—last year's fulltime figure was £573,158.

Mr. G. W. Cooper, chairman, says "there is no disguising the present difficulties facing the company," with both high inflation and strong sterling adversely affecting clock sales, both at home and abroad.

However, Jentique is taking all necessary measures to ensure, "that we compete effectively in the present economic environment."

Mr. Cooper says the group's substantial investment programme will be completed by May, the benefits of which will be reflected in future years.

Order intake for furniture in the second half is at a satisfactory level, he adds.

First half earnings per 25p share are shown as 2.78p (2.6p), and the net interim dividend is virtually unchanged at 1.03p (1.02995p)—last year's final payment was 1.45p.

Tax takes £89,200 against £86,800 and after the dividend cost, £81,580 (£81,570), the amount retained came through at £138,250 (£124,590).

Abbey Panels tops £0.6m

PRE-TAX profits of Abbey Panels Investments (formerly Abbey Panels Limited), increased from £390,319 to £609,341 in the year to September 30, 1979. Turnover was up from £4.6m to £6.98m.

At halfway, pre-tax profits were £365,150 (£149,250) on sales of £3.85m (£1.72m), but Mr. E. Loades, the chairman, said at the time he could not forecast full year profits due to industrial action and a four-day working week.

Tax charged for the full year was £237,871 against £211,332. Dividends absorbed £28,014 (£45,605). Stated earnings per 25p share increased from 8.95p to 18.57p.

A final dividend of 1.5p (1.3p) makes the total 2.8p (2.68p). The chairman and his wife have waived their rights to both interim and final dividends in respect of 347,400 shares each. The joint managing directors waived their rights to the interim dividend in respect of 70,000 shares each, and to the final dividend in respect of 223,726 shares each.

Deanson on target so far

IN THE first three months of the current year turnover had been maintained, profits were in line with budgets and would match those of last year, Mr. D. M. Dean, chairman of Deanson Holdings told the annual meeting.

At the conclusion of the meeting Mr. Dean retired as chairman and Mr. John Wilcox (vice chairman) was appointed in his place.

Mr. Dean remains on the board. He has been with the company since its inception in 1929, and became chairman in 1968 when the company went public.

Good year as Butlin's passes £7.9m

UK HOLIDAYMAKERS helped push the pre-tax profits of Butlin's to £7.96m in the year to October 31, 1979. This was over £1.18m higher than the previous year's figure of £6.78m. With nine holiday centres dotted around Britain, plus hotels and camping sites contributing to the figures, turnover was up from £54.31m to £64.97m.

There was a tax charge of £2.97m against £1.02m, and depreciation amounted to £2.62m (£1.96m). Interest was up from £1.55m to £2.45m. Ordinary dividends absorbed £5.47m against £3.51m. Stated earnings per share were down from 5.24p to 4.54p.

Comparisons have been restated to give effect to adjustments arising from changes in accounting policies for depreciation and deferred tax.

The ultimate holding company of Butlin's is the Rank Organisation.

Newman circular overstated net assets at least £0.45m

THE VALUE of £325,000 attributed to a package of assets and liabilities in a Newman Industries circular five years ago was at least £450,000 too high, High Court judge said yesterday.

Mr. Justice Vinelott was beginning the delivery of his written judgement in the action by the Prudential Assurance against Newman Industries and others. Prudential is alleging that the circular informing shareholders of the proposed purchase was misleading and is also claiming damages for conspiracy from Mr. Alan Bartlett and Mr. John Knox Laughton, who were then chairman and vice-chairman of Newman.

The assets and liabilities were held by Thomas Poole and Gladstone China (TPG), a company in which Mr. Bartlett and Mr. Laughton held the same positions as at Newman and in which they were major shareholders. The Prudential, a small shareholder in Newman, brought the action on behalf of all shareholders except Mr. Barlett and Mr. Laughton.

Mr. Justice Vinelott differed from the valuations published in the circular in all major respects. He said the board of Newman was led by "trickery and deceit" to accept the valuation advocated by Mr. Bartlett.

Mr. Bartlett and Mr. Laughton seriously and deliberately misled the board of Newman through the "concealment of material facts and use of specious arguments," the judge said. They also misled Mr. P. R. Cooper, a partner in Deloitte's, the accounting firm, by allowing his to proceed on the basis of false assumptions.

Mr. Justice Vinelott said Mr. Cooper attempted to justify a value rather than to make an independent assessment of the TPG assets, which included stakes in associated companies. He disagreed with the valuation of each of these stakes, describing the attribution variously as "specious," "excessive," "wholly misconceived" and "arbitrary and unreal." He considered these stakes alone to be overvalued by £294,000, basing his own assessment on a mid-market price plus a premium of 10 per cent.

The judge did not take issue with the valuation of several of the other quoted and unquoted investments of TPG, though he believed that the figure for debtors and loans receivable was too high. He also criticised the accounting practice of TPG in its balance sheet treatment of associated companies. It could be "very misleading" to include in the consolidated accounts a share in the assets of associated companies, the judge said.

In addition, the judge attacked the valuation of shares held by TPG in a company called Smithamcote in the TPG accounts. The shares were entered at a value of £180,000 but Mr. Justice Vinelott said it could not have been believed by anyone that the shares "were worth anything like that figure if they were worth anything at all."

The judge noted that £216,000 had been paid on account to TPG prior to the publication of the circular, and said that this fact had been concealed from both the board of Newman and Mr. Cooper, who discovered it only in the course of a subsequent investigation. He pointed out that around the time that the money was paid the financial position of TPG was desperate, with the fall of the stock market in December 1974 eroding the group's collateral cover. Furthermore, there was no source of money to which TPG could turn and existing loans were proving hard to extend.

In these circumstances, according to the judge, Mr. Bartlett and Mr. Laughton took the money from Newman's cash-flow to pay TPG, concealing the fact from the Newman board. He observed that there were large differences in the accounts of events leading up to the publication of the circular in the evidence given by Mr. Angus Murray, formerly a non-executive director of Newman, and Mr. Bartlett. The judge said that Mr. Bartlett's account of what happened at board meetings in early 1975 was "an entire fabrication." Mr. Murray he described as a "wholly truthful witness."

The judge commented that, early in 1975, Mr. Bartlett put it to the board of Newman that there was a danger of being taken over by TPG. Given the financial difficulties of TPG, this idea was "so extravagantly absurd as to be dishonest," according to the judge. He suggested that it was being used to pressurise the Newman board, whereas the urgency was all on the side of TPG.

Mr. Justice Vinelott also questioned Mr. Bartlett's motives for calling none of the then directors of Newman as witnesses. Mr. Bartlett supplied reasons for the absence of five directors, on the grounds of either health or pressure of work, but the judge said he could not accept Mr. Bartlett's explanations for his reluctance to call these witnesses. In the case of Mr. Longford and Mr. Clarkson, who are both retired directors, no medical evidence had been supplied. Mr. Justice Vinelott is expected to conclude his judgment today.

Baring Brothers advances and lifts reported reserves by £5m

AFTER TAX and transfer to inner reserves profit of Baring Brothers and Co., merchant banker, advanced £125,000 to £775,000 for 1979.

Disclosed reserves were increased £5m to £19.45m at year end by a transfer from inner reserves. No such transfer was made last time.

The bank, which has close status, is proposing a total distribution on A ordinary shares of £94,500 and on the B shares of £515,125—all of which are privately held. Dividends on the quoted preference capital take £165,375.

There were payments to former directors this time amounting to £133,900 (nil) taking the aggregate payments to directors of £1.01m, against £0.69m.

At December 31, cash, bills, CODs and deposits amounted to £232.3m (£224.9m) and securities, £7.7m (£15.6m).

Advances to customers and other accounts stood at £114.9m (£109.6m) while current, deposit and other accounts including reserves and contingency provisions were up from £346.1m to £351.3m and acceptances for customers rose to £97.8m (£67.5m). These changes left total footings up from £434.2m to £474.5m.

During the year bank's representative office in New York was established as a wholly owned subsidiary called Baring Brothers Incorporated.

Outwich Investment Trust holds 9,850 and Barings Pension Trust Fund 4,400 of the 15,000 A shares in issue. The bank's ultimate holding company is the Baring Foundation.

GLASGOW STOCKHOLDERS

Glasgow Stockholders Trust has arranged with Manufacturers Hanover Trust Company, to refinance an existing multi-currency loan facility of U.S.$2.7m, expiring in March, 1982 and obtain a further facility of nearly $1.5m, making a total borrowing of $4.2m repayable on March 15, 1987.

Initially the new funds are being drawn in U.S. dollars for investment in North America.

TEMPLE BAR

Earnings of Temple Bar Investment Trust, an Electra House Company, climbed from £1.65m to £2.15m for 1979, after tax of £1.04m against £0.9m. Gross revenue rose by £0.63m to £3.4m.

Earnings per 25p share are given as 7.412p (5.727p) basis and as 7.368p (5.664p) fully diluted. The total dividend is lifted by over 27 per cent from 5.5p to 7p net with a final of 4.75p, including a special non-recurring 0.368p.

At the year-end, net asset value was down from 122.75p to 120.25p per share, or from 122.5p to 120.25p fully diluted.

CAVENHAM

Proposals for new coupon rates have been passed at general meetings of Cavenham.

The 9¾ per cent unsecured loan stock will be known as 10¼ per cent unsecured loan stock 1992-97, and the 10 per cent stock as 10½ per cent unsecured loan stock 1991-96.

Homfray expects further heavy loss in first half

THE DIRECTORS of Homfray and Company, carpet manufacturer, expect a further substantial loss in the first half of the current year, says Mr. D. E. Gillam, chairman, in his annual statement.

However, providing trading conditions are no worse than in the last quarter of 1979, they are reasonably confident the group will move steadily into profitability in the second six months.

The group incurred a pre-tax loss of £1.08m in the year to September 29, 1979, against a profit of £1.05m, as reported on December 22. There is a dividend of 1p (3.13p).

The rationalisation programme, which resulted in a reduction of the workforce from about 1,700 to under 850, has been completed, the chairman says.

The total cost of new plant and major modifications to existing production lines is about £1.25m, he adds. The group will enter the second half of the year with the capability of manufacturing as much carpet as before, combined with the flexibility to operate efficiently at less than maximum capacity.

A professional revaluation of the group's land and buildings shortly before the year-end disclosed a surplus of £4.36m over book value.

At balance date, group fixed assets totalled £11.81m (£8.37m), and net current assets amounted to £8.72m (£10.29m).

Meeting, Ossett, on March 12 at noon.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.300	1	e	—	—	—	—	F.292
ABN C	F.310	—	—	a	5.50	—	—	"
AKZ C	F.25	25	1.30	24	1.80	—	—	F.25
AKZ C	F.27.50	18	0.60	a	0.90	4	1.50	"
AKZ P	F.25	30	0.90	—	—	1	1.80	"
AKZ P	F.27.50	2	2.70	e	e.eo	—	—	"
ARB C	F.60	1	3.30	—	—	—	—	F.e1.70
ARB C	F.65	10	1.10	—	—	—	—	"
HEI C	F.70	20	2.50	21	3.60	1	5	F.ae.40
HO C	F.22.50	28	0.90	—	—	—	—	F.21.50
HO C	F.25	—	—	—	—	3	1.70	"
KLM C	F.60	13	9.50	—	—	10	12	F.ee
KLM C	F.70	67	4	—	—	—	—	"
KLM C	F.80	15	1.20	15	2.90	—	—	"
KLM C	F.20	13	0.50	3	1	—	—	"
KLM P	F.60	20	1.40	20	e	—	—	"
KLM P	F.70	83	5.10	—	—	—	—	"
KLM P	F.80	—	—	e	12.20	—	—	"
NN C	F.120	2	1.80	—	—	e	3.80	F.114.10
NN C	F.125	42	0.40	—	—	—	—	"
PHI C	F.20	10	0.90	12	1.30	5	1.80	F.19.70
PHI C	F.22.80	—	—	35	0.50	1	0.90	"
PHI P	F.20	—	—	e	1.20	17	1.20	"
PHI P	F.22.30	5	3	—	—	2	e.20	"
PHI P	F.28	1	5.60	—	—	—	—	"
RD C	F.145	10	17.50	—	—	—	—	F.1a1.70
RD C	F.150	50	18	—	—	6	17	"
RD C	F.160	255	7.20	83	a.90	—	—	"
RD C	F.170	87	3.20	101	4.50	a	e.70	"
RD P	F.145	10	0.50	—	—	—	—	"
RD P	F.150	125	1.70	20	3.70	1	5	"
RD P	F.160	31	3.60	56	a.20	7	10.80	"
RD P	F.170	4	10.80	—	—	—	—	"
UNI C	F.115	11	7.60	—	—	—	—	F.112.20
UNI C	F.120	58	4	4	e.40	1	7.30	"
UNI C	F.120	ee	1.70	e	3	—	—	"
UNI C	F.130	—	—	23	2	—	—	"
UNI P	F.110	—	—	20	1.50	—	—	"
		May		Aug.		Nov.		
BAS C	DM.150	8	6	—	—	—	—	DM.148
MMW C	DM.140	a	2.30	—	—	—	—	DM.150.20
SIE C	DM.270	1	9.50	—	—	—	—	DM.274.50
SIE C	DM.280	7	6	—	—	—	—	"
VEB C	DM.160	a	8	—	—	—	—	DM.156
VW C	DM.120	4	3.50	—	—	—	—	DM.181.50

TOTAL VOLUME IN CONTRACTS 1ee6

C=Call P=Put

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Abbey Panels Inv.	1.5	—	1.38	2.8	2.68
General Mining Finance	75‡	May 3	39	100	60
Impala Platinum ...int.	35‡	April 18	10	—	34
Jentique ...int.	1.03	April 4	1.03	—	2.8
Nottingham Mnfg.	2.75	July 1	1.97*	3.75	2.72*
Scottish Eastern Inv.	1.7	May 5	1.4*	3.2	2.4*
Temple Bar Inv.	4.75§	March 31	4	7	5.5
Union Crpn.	43‡	May 2	32	62	47

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout. § Includes 0.368p non-recurring payment.

Utd. Scientific £1.2m research spending

THE AMOUNT of expenditure planned during the current year should help United Scientific Holdings to remain in the forefront of development in the optical and electronic instrument industries, says Mr. J. D. Robertshaw, chairman, in his annual statement.

Production must be fed by rising sales, which can only be achieved by the ability to offer customers an increasing range of new equipment. In this connection, the chairman says, the group will be spending more than £1.2m on research and development this year, over £0.8m of which is funded from the group's own resources.

He confirms his forecast made in the preliminary statement that pre-tax profits are expected to exceed £5m in 1979-80. The taxable surplus reached £4.05m (£3.92m) in the year to September 30, 1979, as reported on December 14.

The year has started well with an order book of over £38m, which gives a good base, he adds. The group does not expect consolidation, it expects growth.

On a CCA basis, group pre-tax profits amounted to £3.44m in 1978-79, compared with £3.27m last time.

At balance date, fixed assets were up from £4.46m to £5.52m, and net current assets were higher at £6.63m (£5.69m). There was an increase of £282,416 in net bank balances during the year, against a £247,805 reduction previously.

Meeting, White House Hotel, NW, on March 11 at noon.

● comment

The market evidently agrees with United Scientific's confident declaration that "this year we do not expect consolidation, we expect growth." Since the preliminary announcement the shares have soared from 344p to 473p, peaking last week in a tight market at 483p. On the minimum profits forecast for this year of £5m, the prospective fully-taxed p/e nudges 19. Fuelling the rise has been the winter's political unrest: soldiers must see to shoot, and USH makes some of the world's most advanced military optical equipment. It is particularly attractive as a defence-related investment, with its near-total concentration on military goods. It has a strong U.S. presence through its Ni-Tec and optic electronic subsidiaries, and it exports directly almost 40 per cent of its UK-made goods. It also re-invests heavily in new product development, reflected in the modest 2.2 per cent historic yield. The share price would now seem to discount short-term growth, with analysts forecasting a further 20 per cent growth in pre-tax profits for 1980-81. But defence stocks now seem to have all the excitement once associated only with oil exploration: every new crisis is a new sales opportunity.

INVESTMENT TRUSTS

Scottish Eastern improves

GROSS REVENUE of the Scottish Eastern Investment Trust advanced from £5.09m to £6.22m for the year ended January 31, 1980 and stated earnings per 25p share moved ahead from 2.55p to 3.36p.

A final dividend of 1.7p effectively raises the net total to 3.2p (2.4p) per share, including the special 0.35p payment.

Net asset value per share is shown lower at 86.9p (90.2p) after prior charges at par, and at 90.2p (93.4p) after prior charges at market value.

SIZEWELL EUROPEAN

Pre-tax revenue of the Sizewell European Investment Trust improved from £117,265 to £140,333 for the six months to January 31, 1980. After tax of £65,800 against £62,000, the net figure rose from £55,265 to £74,533.

The directors point out that the first-half revenue increase should not be taken as an indication of a similar proportionate rise in the full year's result, although it is still expected that this will show an increase over 1978-79.

Net revenue for the last full year amounted to £183,791 from which a single 2.1p net dividend was paid.

Net assets at January 31, 1980 were 97.3p (96.4p at year-end) per share.

Gross revenue for the period fell from £385,206 to £335,829, but expenses and interest were lower at £195,496 (£267,941).

During the six months, the company took advantage of the relaxations and subsequent abolition of exchange controls to reduce the loans drawn under its multi-currency loan facility.

At the half year, there were outstanding loans under this facility, equivalent when drawn to a total of U.S.$ 3.73m ($7.85m). Drawings under the separate loan facility of DM 3.75m have been reduced to DM 3m.

Duramin to stop trading

BECAUSE of continuing losses the Duramin Engineering Company, specialised freight containers makers, is to stop manufacture by the end of next month.

Hit by the depressed state of the market for international trade containers the Gloucestershire company made 100 employees redundant earlier this year. Now the remaining 117 employees are to lose their jobs.

Duramin, part of the British Electric Traction group, says that considerable efforts have been made to find other solutions, but continuing trading losses can no longer be sustained by the company.

A spokesman said yesterday that losses only started in 1979 but he described these as substantial, in relation to the size of the company.

Against a background of difficult world conditions, low demand and the strength of sterling, Duramin, in common with other UK container makers, could not compete with overseas suppliers, he explained.

MINING NEWS

Genmin earnings stride ahead in 1979

BY KENNETH MARSTON, MINING EDITOR

SHARPLY increased earnings for 1979 are announced by the Afrikaner General Mining group and its 51.7 per cent-owned Union Corporation subsidiary. Consolidated net profits of Genmin have advanced to R98.5m (£52.3m) from R63.4m while those of Union Corporation have risen to R83.7m from R62.5m.

Out of the latest earnings of Genmin, which equal 235 cents (125p) per share, there is a final dividend of 75 cents which makes a year's total of 100 cents against 60 cents for 1978. Union Corporation, which has earned 136 cents per share, is paying a final of 43 cents to make a year's total of 62 cents against 47 cents.

GENERAL MINING

	Year ended Dec. 31 R000	R000
Operating income	199,955	157,092
Investment income	75,264	51,455
Surpl. on realn. of inv.	14,120	12,449
Making	289,339	220,996
Less:		
Amortisation	13,879	10,089
Interest paid	40,803	38,600
Expln. & dev. costs	10,990	12,604
Provisions against inv.	5,713	7,037
Group inc. before tax	217,954	152,666
Taxation	37,710	28,298
Group inc. after tax	180,244	124,368
Outside holders' & pref. divs.	81,728	61,007
Attrib. to ord. holders	98,516	63,361
Interim div. 25 cents (21 cents)	10,223	8,635
Final div. 75 cents (39 cents)	31,112	16,192
Income retained	57,181	38,534

Earnings from Genmin's own gold and uranium operations increased by 64 per cent to R14.6m while the attributable income from Union Corporation's gold and uranium section was R14.8m. Genmin's coal interests showed a 24.5 per cent increase to R12.2m.

Taking in the attributable income from the stake in Union Corporation, the main sources of Genmin's 1979 earnings were: commerce and industry 28.5 per cent, gold and uranium 26.8 per cent, management services 17.7 per cent and coal 11.1 per cent.

Union Corporation's latest results reflect the growth in the South African group's important industrial interests (paper, construction and engineering) coupled with the higher dividends received from the gold and platinum investments.

The net asset value of Union Corporation, taking market values of investments, increased last year to 1,643 cents (872p) per share. The shares were 685p yesterday.

UNION CORPORATION

	1979 R000	1978 R000
Operating income	117,649	88,426
Investment income	46,162	30,038
Profit on investments	6,239	11,580
Making	170,050	130,044
Expln. expenditure	4,778	3,507
Interest paid	27,692	23,704
Net income before tax	137,580	102,833
Taxation	24,425	18,565
Outside holders	29,475	21,747
Attributable	83,679	62,521
Earnings per share	136 cts.	102 cts.
Interim div. of 19 cents (15 cents)	11,658	9,175
Final div. of 43 cents (32 cents)	26,383	19,634
Retained	45,638	33,712

Meanwhile, Federale Mynbou, which holds some 62.5 per cent of Genmin, reports a rise in pre-tax income for 1979 to R218.26m from R152.02m. Latest earnings per share come out at 218.2 cents and the final dividend is lifted to 61 cents, making 84 cents against 54 cents.

● comment

At the end of 1979 the market value of Genmin's investments had climbed to R1.29bn from R707.6m a year previously. The net asset value of the shares had increased similarly to R24.27 cents, or £12.89 compared with the current London price of 920p.

Genmin's 80-for-100 share offer for the remainder of Union Corporation—documents are to be posted on February 25—looks like succeeding; the terms appear attractive in the light of the latest asset, earnings and dividend figures announced by the two groups.

Completion of the merger will produce a truly formidable Afrikaner mining finance and industrial group and theories that the rival De Beers-Anglo American purchase of 25 per cent of Consolidated Gold Fields was done in order to thwart a bid attempt by the Afrikaners are fully understandable.

Meanwhile, both Genmin and Union Corporation are poised for fresh earnings growth in the current year. Gold and platinum income continues to rise and the important industrial interests—those of Genmin are concentrated at the heavy end of industry—should also do well against the background of a strong South African economy.

Genmin, with its sights set on further growth, such as the R1bn oil-from-coal venture now being considered, is a force to be reckoned with in the South African mining and industrial scene.

Dome plans gold expansion

DOME MINES, the Toronto group with extensive gold interests, is planning to spend C350m (£18.6m) over the next four years to achieve 50 per cent expansion of its gold mining operations at Timmins in Ontario, reports John Soganich from Toronto.

The mine has been in operation since 1910 and produces about 95,000 ounces of gold a year. Its daily milling capacity is 2,000 tons of ore.

The expansion programme, now under consideration, includes the sinking of a 5,400 feet shaft, new grinding facilities and an upgrading of the surface plant.

In another development at Timmins, Davidson Tisdale Mines has signed an agreement with Pamour Porcupine Mines, the Noranda unit, for the milling of ore shipped from Davidson for one year.

So far Davidson has shipped 1,600 tons from its tailings pile. No further deliveries will be made until the spring. The property was last worked in 1911.

But Davidson said existing reports "indicate that the property has visible gold in several places." Pamour is undertaking some mill tests and if the results justify it, an opencast mine could be developed with Pamour milling the ore.

NEWMONT RAISES NSW TIN HOPES

A substantial deposit of cassiterite tin mineralisation has been discovered by the Grampians tin joint venture exploration project in New South Wales, Newmont Mining of the U.S. said in Melbourne yesterday.

Newmont, which has a 38.75 per cent stake, is the manager of the venture. Other shareholders are ICI Australia, also with 38.75 per cent, Endeavour Resources with 15 per cent and Pelsart Resources with 7.5 per cent.

Investigations continue, but Newmont said metallurgical work had started with early tests indicating that a commercial grade concentrate could be produced with good recovery of the cassiterite by heavy media and gravity methods.

But the work done so far is not advanced enough to categorise the deposit as an ore reserve, Newmont stated. Drilling results to the end of January indicated 17m tonnes of ore, grading 0.17 per cent tin, 0.05 per cent copper and 4.4 grams of silver per tonne.

However, the mining of this tonnage will require the removal of about 44m tonnes of waste rock, Newmont noted.

Impala boosts its interim

SOUTH AFRICA'S Impala Platinum, in the General Mining-Union Corporation group, is boosting its interim dividend for the year to June 30 to 35 cents (18.6p). This compares with only 10 cents in the year to last June when the final amounted to 24 cents.

Net profits for the first half of the current year have advanced to R51.3m (£27.3m), equal to 89 cents per share, and compare with R26.3m in the same period of 1978; the total for the year to last June was R70.7m.

● comment

Impala's half-time earnings reflect the producer price increases made for platinum during the period: the price was raised at end-August 1979 by $30 to $380 per troy ounce and a further increase to the present level of $420 came in mid-December. Earnings in 1980 should thus be higher, especially as a further increase in the producer price may not be long delayed in view of the fact that platinum on free market is almost $900. A bumper final dividend is thus on the cards despite the company's high level of capital spending. At 312p Impala shares compare favourably with those of the lower-yielding Rustenburg Platinum which has warned that it is to pursue a "modest" dividend policy.

CARR BOYD-WMC GOLD VENTURE

Carr Boyd Minerals and Hill Minerals, two associated Perth exploration companies, have signed a letter of intent with Western Mining Corporation for a joint exploration venture at three prospects in the Telfer mine area of Western Australia.

Western Mining has the chance to earn a 70 per cent interest in the ventures by mounting a drilling programme which, within four years, would total 9,144 metres with each hole being a minimum of 50 metres.

The three prospects are Black Hills, 17 Mile Hill and Triangle Block. Present shareholdings in the prospects are Carr Boyd 37.5 per cent, Hill Minerals 12.5 per cent and Australian Paper Manufacturers 50 per cent.

Western Mining has advised Carr Boyd that, subject to the joint venture formalities, it will start drilling in the coming field season.

According to Carr Boyd, the most encouraging results to date have been obtained from Black Hills, where 14 grab samples have produced assays averaging 18.09 grams of gold a tonne.

Hunt Chemical moves ahead to record $8m

Net income of Philip A. Hunt Chemical Corporation, U.S., a subsidiary of Turner and Newall, showed a 7.5 per cent increase from US$7.45m to $8.01m in the year to December 29, 1979. Sales were a record $106m, an advance of 16 per cent over 1978 sales of $91.35m. Stated earnings per share improved from $1.31 to $1.41.

Sales during the final quarter were up 12.5 per cent to $27.3m ($24.3m), producing a net income up 11.4 per cent to $2.3m ($2.05m).

OIL AND GAS NEWS

Haoma successful in N. America

THE OVERSEAS exploration subsidiary of Australia's Haoma Gold and North West Mining announced yesterday its first success in North America.

Haoma North West Energy, in which Haoma and North West Mining each have 50 per cent, said the Richdale Alberta well flowed 1.8m cubic feet of gas from the Glauconite sands and described the discovery as commercial.

Haoma North West Energy has an 8.5 per cent working interest in a six-well programme which includes the Richdale Alberta well.

A further two zones of sands are yet to be tested. Haoma North West says it expects to commence receiving income from the discovery later this year.

In addition to their North American oil and gas exploration interests, Haoma and North West are currently involved in an onshore exploration programme in the UK which includes RTZ Oil and Gas and Taylor Woodrow Energy.

* * *

Standard Oil (Indiana) reports that the Kewanee-Federal No. 1 well in south west Wyoming flowed at a rate of 8.5m cubic feet of gas a day during a 12-hour test.

Amoco Production, a subsidiary of Standard, has a 37.16 per cent interest in the well while Gulf Oil owns 31.42 per cent, Dow Chemical 18.85 per cent and Champlin Petroleum, a subsidiary of Union Pacific, 12.57 per cent.

* * *

Canada's Denison Mines will drill a well this summer in the Gulf of Oman off Fujairah in what appears to be one of the largest structures in the Middle East.

At the annual meeting held in Toronto, Mr. Stephen Roman, chairman said the well, which will be drilled in partnership with Getty Oil, could also be the deepest and most expensive drilled by the company.

L. L. Samoil, vice-president of oil and gas operations at Denison, told shareholders that the company's one operating well in Spain is currently producing 11,500 barrels of oil a day and a planned second well is expected to produce 15,000 barrels a day. He also said the company was looking for oil opportunities in the U.S.

* * *

Yigael Hurvitz, Israel's finance minister, recently announced that he intends to float a special bond issue abroad for the specific purpose of financing prospecting for oil in Israel, reports Lore Daniel from Jerusalem. This might be followed later by a similar issue locally.

Mr. Hurvitz said that far too little has been done so far in this field hitherto, despite the fact that numerous foreign experts have pronounced the chances of finding oil in Israel as good.

Only five to 10 prospecting wells annually have been drilled within Israel's borders over the past decade. The minister added that a group of American investors had already expressed interest in the project. He did not give any details of the proposed bond issue.

Gestetner's profits show fall for first two months

ALTHOUGH SALES were higher at Gestetner Holdings in November and December margins remained under pressure and profits were lower, compared with the same period of last year, according to preliminary results.

Reporting this the joint chairman Mr. D. and Mr. J. Gestetner say that, because of political and economic uncertainties, it would be unwise to predict the outcome for 1979-80.

They point out that the directors are aware that the market growth of stencil duplicating, one of the group's major product lines, is very limited. Even so they believe that there will be considerable sales potential in this field for many years to come.

"To ensure we maintain our world lead in this area we are planning to develop our 1500 range of stencil duplicators."

The company will also continue to develop and launch new products in the offset market. In copying the major research effort will continue and the product range extended.

"The move from a mainly stencil company towards copiers and other new technologies is difficult and expensive but is essential for the long-term profitability of the group," the chairman says.

For 1978-79 the stencil duplicating process remained Gestetner's largest revenue earner and accounted for 54 per cent of net attributable sales, though 1 per cent fewer new stencil duplicators were sold and there was a small volume reduction in supply business.

As known group taxable profit for the year to November 3, 1979 fell £7.02m to £19.08m on sales up 6 per cent at £268m. On a current cost basis profit was more than halved from £15.88m to £6.21m after £2.29m (£2.05m) additional depreciation, £8.57m (£6.71m) extra cost of sales and a £5.9m (£4.04m) monetary working capital adjustment less a £3.98m (£2.53m) gearing adjustment.

Net liquidity at year-end was down £20.14m (up £2.13m) with bank and other loans up £8.41m (down £2.07m) and cash, deposits and gilt holdings down £11.73m (up £60,000).

Directors' remuneration totalled £415,000 (£444,000) with £36,000 in fees again being waived.

The net dividend is stepped up to 5.25p (4.4092p).

The fall in stencil product turnover was countered by rises in sales in the offset and copier markets during the year.

In UK manufacturing, for the second successive year, the group was unable owing to the strength of sterling, to pass on the full increase in manufacturing costs to its selling organisations. This contributed to the marked reduction in profitability of the Tottenham factory.

Gestetner Byfleet incurred a loss of £1.2m, of which almost half was stock provision following changes to the range of copiers.

Copier manufacture has now been transferred from Byfleet to Tottenham. This move combined with an increase in photoconductor production planned at Byfleet, should give a more satisfactory trading position in the current year the directors say.

The Gestetner sales subsidiaries in Europe generally maintained or strengthen their position and again accounted for more than 50 per cent of group net sales.

Two South American offshoots showed losses and in North America all subsidiaries' profits were down.

Geographical analysis of turnover and profit shows in £000s: UK £34,439 (£30,340) and £5,587 (£9,452); other EEC countries £117,961 (£115,881) and £6,008 (£6,588); rest of Europe £20,288 (£19,020) and £573 (£602); the Americas £62,603 (£55,675) and £3,238 (£5,160); and Africa, Asia and Australasia £32,299 (£32,096) and £3,674 (£4,278).

Meeting, company's offices, Broad Lane, N, on March 27.

BIDS AND DEALS

McKechnie Bros. agreed offer puts £1.38m value on Delson

MCKECHNIE BROTHERS, the metals, chemicals and plastics group, is making an agreed bid for Delson and Company, the Birmingham-based nut and bolt manufacturer, shares of which were suspended at 31p on February 8.

The terms are one McKechnie share or 100p cash for every two Delson shares. With McKechnie at 110p (down 2p) yesterday, the offer values each Delson share at 55p, and the Delson equity at £1.38m.

The offer is already assured of success. McKechnie holds 4.1 per cent of the Delson capital and the directors and their associates have irrevocably accepted in respect of their 46.89 per cent holding. Other major holders of Delson shares are Glynwed, with 7.6 per cent, and R. Gasbmore, with 5 per cent.

McKechnie has been a supplier of non-ferrous materials to Delson for many years and the acquisition will enlarge McKechnie's business in non-ferrous metal components.

Mr. L. A. Milner, a McKechnie director, said yesterday that Delson's business would not overlap existing activities and he did not consider any rationalisation would be necessary.

Delson's profits in 1978-79 rose from £102,225 to £142,741. But in the current year the group was hit by the engineering strike and the chairman said he was doubtful if lost ground could be recovered by the year-end.

McKechnie, which has been diversifying into plastics in recent years, lifted group pre-tax profit from £12.66m to £15.12m in 1978-79.

McKechnie is being advised by Baring Brothers, and Delson by Barclays Bank.

SCOT. METROPOLITAN

The Scottish Metropolitan Property Company has acquired from MDW Developments, part of MDW Holdings, a portfolio of shop and office properties in Scotland for about £1.5m.

The principal investment is a 30,000 sq ft supermarket and four shops at Corstorphine, Edinburgh, the construction of which was recently completed by MDW Holdings. The tenant of the complex is Safeway Food Stores.

Included in the purchase are two office blocks and a parade of shops in Glasgow.

The total price was settled in cash and the rents produce a satisfactory return on the capital employed.

KEYSTONE CANNON

Following the purchase of Cannon Valves from the Weir Group, Keystone International Inc., the Texas-based world leader in automated flow-control technology and products, has formed Keystone Cannon in Leven, Fife.

With the closure of Weir-Pacific Valves in Glasgow, Keystone Cannon has also acquired this business, which comprises firesafe ball valve designs, inventory, plant and equipment and spare parts.

ASSOCIATE DEALS

Grieveson, Grant, as associates of Imperial Continental Gas Association bought 600,000 Compair ordinary at 103p on February 15.

Carr, Sebag and Co. on February 15 bought 30,000 Decca ordinary at 590p on behalf of Racal Electronics.

Lazard Brothers on February 15 bought 373,500 Compair at 103p on behalf of Imperial Continental Gas Association.

As brokers to Empire Plantations and Investments, De Zoete and Bevan sold, on February 15, 50,000 Empire at 24p on behalf of an associate.

SPAIN

February 15	Price %	+ or −
Banco Bilbao	219	+4
Banco Central	246	+4
Banco Exterior	214	+3
Banco Hispano	219	+3
Banco Ind. Cat.	135	
Banco Madrid	167	
Banco Santander	281	+5
Banco Urquijo	169	+3
Banco Vizcaya	231	+3
Banco Zaragoza	202	+2
Dragados	100	−2
Espanola Zinc	62	
Fecsa	56.5	
Gal. Preciados	35	−1
Hidrola	62.2	
Iberduero	60	
Petroleos	114.2	−0.8
Petroliber	72	
Sogefisa	115	
Telefonica	54.7	+0.5
Union Elect.	62.5	−0.2

Howard Machinery sells Harvestore interest

Howard Machinery, manufacturer of agricultural equipment, is selling its 50 per cent stake in Howard Harvestors for £400,000. The buyer is A. O. Smith Harvestore products, which already owns the other half of Harvestore, and is a wholly-owned subsidiary of the A. O. Smith Corporation of Milwaukee, U.S.

Harvestore manufactures steel storage towers for agricultural products. Howard Machinery's share of its losses before tax for the year to October 1979 was £197,000.

The cash payment, equal to the book value of its stake, will be used by Howard to reduce group borrowings, currently running at some £11m.

Howard will continue to act as distributor for Harvestore products in certain overseas countries for which its companies hold franchises. It has also agreed to provide consultancy services to Harvestore over the next five years on a commission basis.

Last week Howard released figures showing a slump in profits from £2.28m to £1.23m pre-tax—for the year ended October 31, 1979.

JOHN BROWN

An extraordinary general meeting of John Brown has approved the acquisition of Leesona. The tender offer for all the shares of common stock of Leesona is due to expire on February 28, unless extended.

LADBROKE BUYS

The directors of Ladbroke Group say that contracts have been exchanged for the purchase of Intersection Hotels, which owns and operates the Gateway Hotel, Newport, South Wales.

The purchase of the hotel, which is for £2.6m, less adjustment for net liabilities, increases Ladbroke Hotels' UK chain to 40.

Gateway opened in 1973 and a recent addition of 36 bedrooms has extended the number to 126.

CAPE INDUSTRIES

Cape Industries is buying Durasteel of Wellingborough, Northants, a private company manufacturing specialised fire protection products.

Acquisition is for cash. Book value of assets being acquired is about £450,000.

UNIGATE

Unigate is acquiring the business and trading assets of T. G. Hawker, a beef de-boning concern based in Chard, Somerset.

Mr. David Snowdon, receiver and manager of Hawker, says that most of the 200 employees have been offered employment by A. R. Pitts, a wholly owned subsidiary of Unigate, which will carry on the Hawker business.

Mitchell Cotts starts South African recovery

Mitchell Cotts of South Africa is in the process of recovering from the setback of last year. For the six months ended December 31, 1979, profit before tax has increased from R3.02m to R4.91m.

In view of improved prospects arising from the acquisition programme the interim dividend is lifted by 1 cent to 8 cents per share. In the year ended June 30, 1979, the group turned in profits of R6.9m and paid a total dividend of 21 cents.

The group is engaged in engineering, transport and shipping, and is controlled from the UK.

Figures for the first half mask some major changes in the profit mix. Manufacturing activities are again profitable, while sales and distribution activities increased their profit contributions. However, though the group has recently been awarded a large construction contract, competition is intense with little prospect of immediate significant improvement in the division's greatly depressed profit.

The transport division is not quite in the same position, but profit continues lower than last year.

In respect of the existing business, Mr. Phillip Dunkley, chairman, is unable to forecast an overall profit improvement for the current year. However, he makes the point that the group's programme of acquisitions is expected to contribute to profits. The company has just acquired Clifford Harris for R15m cash and 1m shares; this will increase the group's net asset value from its June 30, 1979, level of 287 cents to 342 cents. At the same time, the UK parent's effective interest in the South African operation will be diluted from 77 per cent to 72 per cent.

A further unspecified but smaller acquisition is in the process of being completed.

Higher Eurodeposit rates hit straight dollar issues

BY FRANCIS GHILES

STRAIGHT DOLLAR bond prices continued to stumble downwards yesterday and, in the view of many dealers, would have shown even greater weakness had it not been for the fact that the New York market was closed because of George Washington's birthday. Parts of Europe were also closed for national holidays.

Losses of between 1-1½ points ware sustained on straight dollar bonds as interest rates on Eurodeposits climbed sharply. The six-month rate ended the day at 15 9-16ths as compared with 15½ at the close on Friday. Dealers were virtually unanimous in their belief that further falls would be recorded today. Floating rate note (FRN) issues beld up much better, but shed about ⅛ of a point on the day.

In tha sterling sector, Finance for Industry was finally able to launch its proposed issue, through S. G. Warburg. This issue was held up two weeks ago because of complications encountered by the borrower in setting up an offshore financing subsidiary in tha Netherlands. This has new been done and the borrower, technically, is Finance for Industry International BV, which is raising £20m for eight years on a coupon of 14½ per cent. The bonds, which have an average life of six years have been priced at 99½. The issue has been underwritten by the managers.

Sterling denominated bonds weakened by ⅛-¼ of a point

The Deutsche Mark sector continued in poor shape with most outstanding issues posting falls of around ½ a point. The next issue in this sector, which is expected today, will be for Nederlandse Gasunie, through Commerzbank. This is the second time this prime quality name has tapped the bond market and, despite the poor shape of this sector, the name and terms offered should, in the view of the lead manager, make it attractive to investors. The amount of this public offering is DM100m for seven years with an average life of 5½ and an indicated coupon of 8½ per cent. A discount is expected in the final price as a better yield than what is available on the first Gasunie bond—8.3 per cent—will be needed to ensure success.

Lesser quality names, particularly those which are not prepared to pay the price, are having to cancel their proposed issues or resort to other ways of borrowiog Deutsche Marks.

Brazil is understood to have cancelled a proposed D-Mark denominated foreign bond earlier this month because it could not agree with the managsr about the coupon which the Carman hank felt was necessary to nesure success — 9½ per cent. Most outstanding Brazilian D-Mark denominated bonds are currently yielding between 9 and 10 per cent.

Another way round is to borrow in the form of Schuldscheine notes. This is what the European Investmant Bank, which has heen trying to arrange a public offering of foreign D-Mark bonds for some months finally resorted to. It has just raised a Schuldscheine note amounting to DM 100m through Deutsche Bank — for three-quarters of the amount — and Bayerische Vereinsbank. The terms of both branches include a coupon of 8½ per cent for 10 years.

The Swiss bankers are meanwhile in the bappy position of being able to offer borrowers seeking to raise Swiss franc bonds lower coupons than a few weeks ago. The Kingdom of Norway is arranging a SwFr 100m five-year private placement with a coupon of 5½ per cent, through Union Bank of Switzerland.

The same bank has arranged a SwFr30m five-year private placement for Sogo Department Stores. The borrower is paying a coupon of 5¾ per cent for this convertible which has been priced at par. In secondary market trading, Swiss franc issues ended the day on a mixed note.

Sharp clash in 'affaire Darty'

BY TERRY DODSWORTH IN PARIS

THE FRENCH Monopolies Commission has delivered a sharp riposte to Thomson-Brandt, one of the country's leading manufacturers of household electrical goods, after criticism that it failed to give the company a proper verbal hearing before its conviction in a recent price-fixing case.

According to M. Pierre Ordonneau, the chairman of the commission, Thomson failed to show up for evidence until four days after the appointed time. But before that, company representatives had had two sessions with the official in charge of the case.

This verbal battle shows how deeply feathers have been ruffled by the so-called "affaire Darty," in which a number of leading French companies and importers were fined by the Economics Ministry after an extensive inquiry by the Monopoties Commission.

The "affaire Darty" was one of the most substantial cases the commission has had since its reorganisation almost two years ago. Since this restructuring, there has been muffled criticism of the Economics Ministry's apparent unwillingness to put teeth intn the policy. Thus the recent fines have heen interpreted as a sigo of the Covernment's determination to ensure the play of market forces now that price contrnl is being abolished.

The essence of the case against Darty was that it put pressure on its suppliers to organise their distribution so that its own retail prices should not he under-cut.

At the time that the offence took place, Darty, a leading cut-price electrical goods stores group, was running an advertising campaign in which it promised to repay clients who could find the same products being sold elsewhere at lower prices.

One of Darty's suppliers was Thomson-Brandt, which—along with Arthur Martin, Lincoln, Philips and Schneider—was fined FFr 1m ($230,000).

Thomson's protests echo rumblings from industrialists in general against the reformed Monopolies Commission. These objections have not yet become a serious issue, mainly because the commission has not so far taken on a major issue.

But companies have repeatedly criticised the powers of the commission to investigate their affairs at will.

U.S. CORPORATE PROFITS

Rising costs sometimes a blessing

BY DAVID LASCELLES IN NEW YORK

In spite of the strong upsurge in costs over the past 12 months, most sectors of U.S. business ended the year with satisfactory profit levels. The current year is overshadowed by the threat of a recession but companies hope to avoid the pressures of price restraint

AMERICAN manufacturers, producers, transporters and service industries turned in better-than-expected profits last year, helped by the resilience of the U.S. economy. But growth in earnings slowed in the last quarter, as high raw material and energy costs combined with record interest rates to make life increasingly tough for U.S. business. Few economists doubt that this will eventually lead to a recession, but few care to predict exactly when. Some even think it may not happen this year.

The soaring costs that dominated the scene last year were not altogether bad news, of course. While the high price of oil dented the earnings of airlines and other fuel-intensive industries, it did great things for the oil industry.

Exxon, the country's largest oil company, also became its largest industrial corporation by overtaking General Motors with a massive 30 per cent increase in sales to $84.4bn. Its profits also raced ahead almost 50 per cent to $4.3bn. This unprecedented rise was common throughout the oil industry, and it also helped the myriad oil service industries by stimulating exploration and production both in the U.S. and abroad. Schlumberger, the much followed oil service company, increased its earnings by nearly a third.

Other energy producers like the gas and coal industries also made gains, though the latter still suffers from excess capacity problems.

However, rising costs laid a heavy hand on profits in many other sectors of U.S. business. The chemical industry, which depends on oil and gas for much of its feedstock, was among them. Du Pont, Monsanto, Union Carbide and Celanese all had poor final quarters and only moderate year-end results. Moreover, these profits were largely attributable to exports to markets where oil and gas feedstock costs are higher than in the U.S. Domestically, demand for chemical products was weak due to the problems of the car industry, a major customer, and softness in the housing market.

Fast-rising metals costs also made life more difficult for electrical engineering and electronic concerns for which copper, aluminium, gold and silver are important raw materials. General Electric's fourth quarter profits rose only 5 per cent on a sales increase of 13 per cent. However, most electronics companies managed to post gains due to strength of demand and a shortage of components in tha U.S.

The major single victim of rising metal prices was Kodak, which depends heavily on silver for its photographic products. Earnings for the year rose only 10 per cent despite a 15 per cent sales gain, while they dropped 11 per cent in the final quarter. These changes must have stimulated Kodak's long-standing attempts to find a non-silver photographic process that works on a commercial scale.

Airlines took a hard knock from higher fuel prices, though the heaviest losers were the major companies which are being challenged by the small and commuter airlines since deregulation. Passenger volume also shows signs of weakening, suggesting that 1980 could be a tough year.

Sharp increases in other raw materials prices, triggered more by speculation in the commodity markets than by fundamentals, brought strong earnings gains to producers of non-ferrous and precious metals. Kennecott Copper, one of the industry leaders, increased profits no less than eightfold in the final quarter. However, unlike oil, these gains do not seem to be solidly based and are unlikely to be sustained once speculative fever dies down.

Soaring costs and the intanse activity of the markets also benefited tha financial services sector. Banks reported strong earnings gains due to the high interest rates which have prevailed since the Fed's October 6 credit package. The unexpected strength of the economy has also kept business loan demand at a brisk level. Biggest gainers were banks with access to large—and cheap—retail deposits, paying only five per cent at a time when the prime was 14 per cent or more. However, the banks also had to operate in a highly unpredictable credit climate: several jumped the wrong way on interest rates and suffered severe financial penalties.

On Wall Street, the furious activity on the stock, bond and commodity markets also made life difficult for asset managers. But, for brokerage houses that could keep their heads, the final months of 1979 were a time to earn exceptionally large commisisons from the record trading turnover. Merrill Lynch, the country's largest securities company, tripled earnings in the final quarter. The continuing high turnover in stocks and commodities suggests that these earnings trends will continue into 1980.

The insurance companies were also able to register improved profits last year because high market yields brought investment income which more than offset the weakening in underwriting earnings caused by the down-cycle into which the industry is now moving.

The uncertain path traced by the economy brought mixed results elsewhere. The car industry, which had been heading down all year, returned sharply lower results. General Motors managed a small increase in sales, but its profits were down 11 per cent, which put them not only below 1978 levels but those for 1977 as well. Chrysler's losses were a record $1.1bn. Ford has yet to report, but its earnings are expected to be sharply lower.

January sales figures suggest that the car industry's down-cycle could have hit bottom, but this view is not universal, and the prospects for this important industry are still hard to gauge.

There is less uncertainty about where the steel industry is heading. With profits plummeting and plant closures rife, its members are preparing for bitter times. The ills of excess and outdated capacity, aggravated by intense foreign competition, have put the industry at the vanguard of the growing protectionist movement in the U.S. Only a political solution, it seems, will satisfy it.

The housing industry, though down, has not slumped to the extent predicted partly because of the economy's resilience, partly because there has been an exceptionally mild winter. The housing construction companies and their suppliers have reported weakening profits, but they also say business is better than they hoped.

Another sector which has benefited from the mild weather is the railroad industry. Haulings of coal, grain and other bulk goods have remained strong and have helped offset declines in haulings of manufactured goods like cars and construction components.

A number of industries have been fortunate enough to escape cyclical and price pressures. The aircraft manufacturers have bulging order books, thanks to the airline industry's move to a new generation of fuel-efficient jets. Boeing's earnings rose 34 per cent and McDonnell Douglas's by 24 per cent. However, Boeing warned that there might be a slowdown in sales this year as it phases in production of new aircraft types. The recent deterioration of East-West relations has also improved prospects for the associated defence industry.

The machine tool industry had a good year, somewhat to everyone's surprise, since it is normally an early victim of an economic downturn. However, this strength may be traced to the large amount of tooling-up that is currently afoot in the car and airline industries as they prepare their new models.

Although U.S. business faces 1980 with the combined problems of a looming recession and rising prices, companies may be able to escape the extra rigours of price restraint. President Jimmy Carter has given them the option of keeping their prices to the average of the past two years plus 7½ per cent, or holding down their profit margins. Most companies appear to be taking the second course since it puts a clamp on margins which are unlikely to rise anyway, and leaves them some leeway to increase prices.

Foreign banks to cut back operations in Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM

TWO FOREIGN banks plan to reduce their operations in the Netherlands. Lloyds Bank International (LBI) is to shut down the loss-making stockbroking and portfolio management activities of two of its subsidiaries, Gilissen Jonker, of Amsterdam, and Bax Bank, of The Hague. This will lead to the loss of nearly a third of the 106 jobs involved, said the manager, Mr. David Harrison.

The First National Bank of Chicago, meanwhile, intends to shut down its representative office in Amsterdam at the end of this month. The office is staffed by four people. The bank has been limited to a representative office in Amsterdam, and has therefore been mainly involved in carrying out offshore banking for multinational companies in the Netherlands, an official said in Frankfurt. It can do this just as well, if not better, from Frankfurt, where it has a branch with a staff of 100. The cost factor is only a minor one, the official said.

He added that the closure in the Netherlands did not reflect a general cutback of the bank's international operations and did not mean it was discontinuing its business in the Netherlands. Chicago Bank has an 11 per cent stake in Slavenburg's Bank of Rotterdam.

Lloyds intends to concentrate on expanding its international corporate business in the Netherlands, which will be carried out by LBI offices in Amsterdam and Rotterdam and by Bax in the Hague.

The stockbroking activities provided by the two subsidiaries have become unprofitable in recent years, LBI has been unable to develop the institutional business needed to maintain profitable securities operations, while recent interest rate developments have added to costs, Mr. Harrison said. It has become too expensive to finance holdings of long-term bonds with short-term interest rates at present high levels.

The management of the 320-330 security portfolios for the banks' customers is too small an operation to be carried out profitably. Bax Bank will continue its corporate business, but Gilissen Jonker will cease to operate.

The Dutch unions have agreed to the reduction in the LBI jobs. Natural wastage will account for some of the 30 shed, but 25 redundancies will be necessary.

The cutbacks in the Netherlands do not reflect a general review of the bank's international securities' operations which, in Switzerland, for example, are "very profitable and very attractive," said Mr. Harrison. LBI first established a presence in the Netherlands in 1967.

New banks are continuing to establish themselves there, but others have been retrenching recently. Bank of Montreal closed its Amsterdam branch last March after making an accumulated before-tax loss of C$1.75m in just over four years.

Alfa-Laval beats forecast

BY VICTOR KAYFETZ IN STOCKHOLM

BY POSTING a 1979 pre-tax profit of SKr 380m ($92m), Alfa-Laval, the Swedish maker of farm, dairy, food processing and other industrial equipment, beat its September forecast of earnings slightly exceeding the 1978 figure of SKr 321m.

The Board nonetheless proposes an unchanged payout totalling SKr 50m, or SKr 6 per share. But it also recommends increasing the share capital by SKr 104m to SKr 521m in a one-for-four bonus issue, by means of a transfer from retained earnings.

Group sales in 1979 rose 9 per cent to SKr 5.42bn ($1.31bn), just short of the 10 per cent interim forecast. External orders received totalled SKr 5.7bn, up 13 per cent on 1978, while the order backlog rose by the same percentaga to SKr 2.7bn at year-end.

Most of the improvement in earnings came from the subsidiaries in Canada, France, the Netherlands, Spain and the U.S.

Earnings per share increased from SKr 19 to SKr 23. After special adjustments and taxes, net profit was SKr 79m, against SKr 72m for 1978.

Alfa-Laval states that, despite an anticipated world economic downturn, its earnings "may be expected to continue improving. The main part of the improvement will probably come from the industrial group."

Record earnings at TRI

TOUCHE ROSS International (TRI), the multinational group of accountants, announced yesterday that its operating results for the year to August 31 last showed an extension to the pattern of growth of worldwide services.

Net international services produced a record $514.6m, an increase of $66.9m, or 15 per cent over 1978.

Net earnings also grew by 16.7 per cent to $130.1m in 1979.

"Coming after 1978, a year which saw a jump in net services of 27.7 per cent—one of the sharpest increases in TRI's history—last year's growth was especially satisfactory," says Mr. Russell E. Palmer, TRI's managing director.

This is the first time that financial statements have been issued for Touche Ross International. Last year, full financial statements were published for the U.S. firm with only selected disclosure for international operations.

The chairman of TRI's Board of Governors is Mr. Douglas R. P. Baker, the managing partner and chief executive of Touche Ross UK.

Agencies

Deutz in the U.S.

Kloeckner-Humboldt-Deutz, the West German engineering group, has taken over a plant in the U.S. at Richmond, Indiana, not Richmond, Virginia, as reported on February 5.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	90½	91	−1½	−2¼	13.76
Alex Howden XW 9½ 81	30	73	74½	−0¾	+0¼	14.30
Aquitaine Can. 11¼ 85	30	†91	91½	−0¼	−1½	13.80
Australian Res. 9¾ 84	30	86½	87	−0½	−1¼	13.75
Avco O/S Cap. 10¼ 87	40	80	80½	−0¼	+3¼	14.32
Beneficial Fin. 9¾ 87	100	81½	82	−1¼	−2	13.80
CECA Grad. Rate 12 86	100	92	92½	−0¼	−0¼	13.77
CECA 11¼ 90	50	87½	88½	−1½	−3¼	13.92
Canadian Pacific 9¼ 89	100	80⅜	80⅞	−0¼	−1½	13.52
Carter Hawley 9¾ 88	50	81½	82	−1¼	−2	14.26
Comalco Inv. E. 10¼ 91	40	80⅞	81¼	−1	−2¼	13.57
Continental Grp. 9¼ 86	100	82¼	82⅞	−0¼	−1	13.87
Dome Petroleum 10 94	50	74⅞	75¼	−2½	−4½	14.07
Dominion Bridge 10¼ 84	30	86½	86⅞	−0¼	−0⅞	14.58
EIB 11¼ 92	80	85¼	85¾	−1¼	−2½	14.22
EIB 10¼ 87	100	86½	86⅞	−0¼	−0¼	13.54
EIB 10.15 99	100	77½	78	−0¼	−1⅞	13.86
Ekportfin 11¼ 87	50	89⅞	90¼	−0¼	−1¼	13.82
Export Dv. Cpn. 9¼ 84	100	86¾	87¼	−1½	−2½	13.64
Export Dv. Cpn. 9¾ 84	150	87⅜	87⅞	−1⅜	−2½	13.61
Finland 9¾ 88	100	81½	82	−0⅝	−1¼	13.48
GTE Finance 9¾ 89	55	79½	80	−0⅜	−1⅜	13.88
GMAC 9¼ 86	100	81¼	81¾	−1½	−2½	12.82
GMAC O/S Fin. 11 84	100	92	92½	−0¼	−1¼	13.25
Gould Int. Fin. 9¾ 85	50	84⅞	85¼	−0½	−0⅞	14.06
ITT Antilles 9½ 89	75	77	77½	−1	−3	14.09
Kennecott Int. 9½ 86	100	79½	80	−0⅝	−0⅝	14.84
Manitoba 9½ 89	75	78¼	78¾	−1¼	−1¼	13.79
Michelin 10 94	125	78½	79	0	−1¼	13.37
Nat. Oes. Telecm. 9¼ 86	100	84¼	84⅞	−0⅝	−1¼	13.20
New Brunswick 6¾ 84	75	74¾	75¼	−0¼	−1¼	13.98
Newfoundland 10 84	50	74	74½	−1¼	−3¼	14.35
Norges Komm. 9⅞ 89	100	77	77½	0	−0½	13.56
Norway 9½ 94	150	88	88½	−0⅝	−1¼	13.30
Nova Scotia Pwr. 9¾ 89	50	78¼	78¾	−1¼	−2¼	14.02
Occidental Fin. 10¼ 84	50	87½	88	+0⅝	−0¼	14.21
Orient Leasing 9½ 86	25	84	84½	0	−0½	13.28
Pennwalt O/S F. 9¼ 84	25	84¾	85¼	−0¼	−2½	14.66
Pepsico Cap. 9¼ 94	100	87¼	87¾	−0¼	−1¼	13.46
Quebec Hydro 10 99	75	71¾	72¼	−1½	−3¼	14.35
Sears Roebuck 6 82	150	91¾	92¼	−0¼	−1¼	13.78
Statoil 9¾ 89	100	79½	80	−0⅝	−2	13.51
Sweden 9¼ 89	100	80¼	80¾	−0¼	−1¼	13.56
Sweden 9½ 86	200	85½	86	−0⅜	−1⅞	13.37
Sweden 9¾ 84	100	87⅞	88½	−1½	−2¼	13.47
Unilever NV 9¼ 87	100	79¾	79⅞	−1⅝	−2¼	13.78
Warner-Lambert 8 84	100	85¾	86¼	−1¼	−1¼	13.61

Average price changes... On day −0⅝ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	†96¾	97¼	−0½	−0⅝	8.53
Asian Dev. Bk. 7¾ 88	100	†90¼	90¾	−0¼	−1¼	8.76
Barclays O'seas 6¾ 89	100	†89	89½	+0¼	−1¼	8.47
BFCE 7¾ 87	100	97¾	98¼	−0¼	−0¾	8.11
BFCE 8¾ 95	100	95¾	96¼	−0⅝	−1¼	8.62
Brazil 8 87	150	94¼	94¾	−0¼	+0⅝	9.03
CECA 7 91	150	90¼	90⅞	−0¼	−0⅝	8.32
Council of Eur. 7¾ 89	100	91¼	91⅞	0	−1¼	8.60
Denmark 7⅞ 88	100	96¾	96⅞	−0⅝	−0¼	8.82
Denmark 8¼ 92	100	97⅞	98¼	−0¼	+0¼	8.50
EEC 7⅞ 94	225	94¼	94⅞	−0¼	−0⅞	8.52
EIB 7½ 89	200	94⅞	94¾	−0¼	−1⅞	8.37
Finland Rep. of 8 86	150	98¼	98¾	−0½	−0⅝	8.31
Kobe, City of 7¾ 88	150	90⅞	91¼	+0⅝	−1¼	8.00
Neder. Gasunie 8 88	100	100½	101	−0¼	−1¼	7.84
New Zealand 7¾ 87	200	†91¼	92¼	−0¼	−1¼	8.57
Nippon Tel. & T. 5½ 87	100	†83¼	83⅞	−0½	−1¼	8.74
Norges Komm. 7¾ 81	150	†95	95¼	+0¼	−1¼	8.39
Norway 6¾ 84	200	†92¼	92¾	0	−1¼	8.51
Norway 7½ 85	250	97¼	97⅞	−0¼	−0½	8.10
OKB 6 87	40	†87	88	−1	−1	8.45
OKA 7¾ 88	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0¼ on week −1

SWISS FRANC STRAIGHTS; YEN STRAIGHTS: [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	81½	81⅞	0	−0½	14.98
Bell Canada 10¼ 86 C$	60	87⅞	88⅜	−0¼	−1½	13.69
Cr. Foncier 10¼ 84 C$	30	87¼	88	+0¼	−1½	14.18
Ex. Dev. Cpn. 10 84 C$	50	88¼	88¾	−0¼	0	13.67
Fst. Can. Inv. 10 84 C$	50	87⅞	88⅜	0	−0¼	13.60
Hudson Bay 10½ 89 C$	60	84⅞	85⅜	−0⅜	−1	13.40
Quebec 10¼ 86 C$	50	83¼	84½	−1½	−3	14.31
R. Bk. Canada 10 86 C$	40	88	88½	−0⅜	−1¼	12.82
R. Bk. Canada 10 94 C$	40	77½	78¼	−0⅝	−1⅝	13.54
Copenhagen 8¾ 91 EUA	20	97	98	0	−0⅜	9.09
M. Bk. Dnmk. 9 91 EUA	25	†94½	95½	0	−0⅜	9.72
SOFTE 8¾ 89 EUA	40	86⅞	87⅞	0	0	10.52
Algemene Bk. 8¼ 84 Fl	75	95⅞	96⅜	−0⅞	−1¼	9.37
Ned. Gasunie 8¾ 84 Fl	50	96¾	97¼	−0½	−0⅞	9.63
Ned. Middbk. 8¾ 84 Fl	75	95	95½	−0⅜	−1¼	9.69
Norway 8¾ 84 Fl	100	94¼	94⅞	−0½	−1	9.91
Norway 8¾ 84 Fl	100	94½	95	−0⅞	−0⅝	9.69
Philips Lamps 8¾ 84 Fl	75	95¾	96¼	−0⅜	−0⅝	9.51
Air France 11 84 FFr	120	96¾	97¼	0	+0⅝	11.33
Euratom 9¾ 87 FFr	150	85¼	86	−0⅛	−0¼	12.23
Finland 11 84 FFr	80	95½	96	+0⅛	0	12.25
Finland 11½ 89 FFr	70	94¾	95¾	+0⅛	0	12.44
Gaz de France 11 84 FFr	150	95½	96½	−1	−0⅞	12.13
IBM France 11¾ 84 FFr	120	96½	97½	0	0	12.79
Renault 9¾ 85 FFr	100	86⅞	87⅝	−0½	0	13.16
Saint-Gobain 9¾ 88 FFr	130	85¼	86	−0⅜	−0½	13.25
Solvay et Cie 9¾ 87 FFr	125	82⅞	83⅝	0	−0¼	13.52
Total Oil 9¼ 87 FFr	150	83	83¾	0	−0¼	13.11
Citicorp O/S 13½ 90 £	50	94⅞	95½	−0¼	−0½	14.52
EIB 11½ 91 £	25	82⅞	83⅞	−0⅛	−2¼	14.55
Finance for Ind. 13 91 £	15	93¾	94¼	−0⅝	+0¼	14.09
Fin. for Ind. 12½ 88 £	30	88	88¾	−0⅛	−2⅞	14.83
Gen. Elec. Co. 12½ 89 £	50	90⅞	91⅝	−0⅝	−1¼	14.24
Indonesia 8¾ 91 KD	7	†93	93½	0	+0½	9.74
Mitsubishi 7½ 84 KD	10	†95¼	95⅞	0	0	8.71
Norges Kom. 7½ 89 KD	12	†93¼	93⅞	0	0	8.51
Occidental 8¼ 91 KD	7	†90¼	90¾	0	0	8.65
Akzo 9¾ 87 LuxFr	500	†94¼	95¼	+0½	+0⅞	10.15
Euratom 6 87 LuxFr	500	89¼	90¼	0	−0¼	10.11
Euratom 9¾ 88 LuxFr	500	99¼	100¼	0	−0¼	9.79
EIB 9¾ 88 LuxFr	600	99¼	100¼	0	−0¼	9.70
Volvo 9¾ 87 LuxFr	500	88¼	89¼	0	−0⅝	9.97

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98¼	2/7	15⅛	15.41
Banco di Roma Int. 8 87	0¼	98¾	99¼	26/4	15¾	15.91
Bank of Ireland 5¼ 89	‡0¼	97½	98	21/2	15.66	16.05
Bank of Tokyo 5¼ 88	‡0¼	97¾	98¼	25/4	14.56	14.86
Barclays O/S Inv. 5 90	0¼	97¾	97¾	13/8	14¼	14.63
Bergen Bk. A/S 6 88	‡0¼	96⅞	97¾	29/2	14.31	14.74
Bque. Indo Suez 5¾ 89	§0¼	98¼	98¾	11/7	14.69	14.91
Citicorp O/S F. 6 94	‡0¼	98½	99¼	8/3	14.44	14.60
Citicorp O/S F. 83	§0	99½	100	23/2	15⅛	15.18
Citicorp O/S F. 84	‡0	99¼	99¾	29/2	14⅝	14.70
Co-operative Bk. 6 86	0¼	97¼	98¼	15/5	15.06	15.35
Creditanstalt 5⅞ 91	§0¼	97⅞	98¼	14/3	14⅞	15.18
CNT 5¾ 86	§0¼	99¼	99¾	16/4	15.19	15.24
GZB 5½ 89	‡0¼	98¼	98¾	1/5	14⅝	14.87
Jugobanka 8 89	0⅞	92¼	93¼	23/5	15	17.25
Ind. Bank Japan 5¼ 87	0¼	97¾	98¼	15/4	14¼	14.56
LTCB Japan 5¾ 86	0¼	97¾	97¼	13/6	14¼	14.60
LTCB Japan 5½ 89	0¼	97¼	97¾	7/8	14.19	14.57
Mfrs. Han. O/S 5¼ 94	‡0¼	98¼	98¾	28/2	13.81	14.02
Midland Intl. Fin. 5 89	0¼	99	99½	20/5	15	15.11
Nacional Fin. 6¼ 88	0¼	97¾	98¼	25/7	14.69	15.01
Nat. West. 5¾ 94	§0¼	97¾	98¼	11/4	14.94	15.26
Nippon Credit 6¼ 86	0¼	97¼	97¾	12/7	14.44	14.81
Nippon Credit 5¼ 87	‡0¼	97¼	98¼	5/5	14.69	14.97
Royal Bk. Scot. 5¼ 94	§0¼	98¼	98¾	11/4	14⅝	14.85
Soc. G. de Bque. 6½ 87	0¼	96¼	96¾	3/4	13⅝	13.73
Sogenal 5¾ 89	§0¼	96½	97	13/7	14.44	14.92
Sweden 8¼ 81	‡0¼	97¼	97¾	18/4	14.44	14.81
TVO Pwr. 5 91 (D-lock)	0¼	97¾	97¾	24/5	15.31	15.69
Williams & Glyn 5¾ 91	0¼	97¾	97¾	14/3	13	13.33
Bq. E. d'Alg. 4½ 89 SF	0¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS: [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

National Bank of NZ in joint bid for financier

BY DAI HAYWARD IN WELLINGTON

THE NATIONAL BANK of New Zealand and a leading car assembly company, Todd Motors, have joined forces to make New Zealand's biggest takeover bid, of NZ$25.1m (around US$25m), for the finance house, General Finance.

If the deal succeeds, National Bank will hold 51 per cent and Todd Motors 49 per cent of General Finance. National Bank already owns 20 per cent of the finance house.

Two major shareholders, NZ Motor Corporation, with 36 per cent, and Cable Price Downer, with 5.3 per cent have already said they will accept the takeover offer, which values General Finance shares at NZ$2.30. Last September, the shares stood at NZ$1.30, but were pushed higher by an unsuccessful takeover bid from Transvision Holdings, which had a London bank as partner in its unsuccessful bid.

The annual report has not yet been issued for 1979, but the 1978 accounts valued General Finance at NZ$18m, or NZ$7m below the takeover offer.

The two partners will use a joint company, Black Horse Finance, as the takeover vehicle. Todd Motors, which is still a family-owned company, assembles Chrysler and Mitsubishi cars in New Zealand. Sir Bryan Todd, the chairman, says that the deal makes good sense for the car company, which is involved in extensive motor business financing.

Mr. Spencer Russell, general manager of the National Bank, believes that General Finance has a strong future. The bank plans to develop and improve General Finance's place in the New Zealand finance world.

Enlarged Haggie raises profits

BY JIM JONES IN JOHANNESBURG

HAGGIE, one of South Africa's major steel rope and high tensile wire manufacturers, has benefited strongly from improved domestic capital spending and stronger export sales. For the year to December 31, the company has reported an 85 per cent pre-tax profit increase to R25.1m ($30.8m), from R15.1m in 1978, on the back of a 60 per cent turnover advance to R155.6m ($191m), from R97.0m. The figures are not strictly comparable, as Haggie acquired a 75 per cent interest in Samuel Osborn, the engineering company in December, 1978. At the taxed level, Osborn contributed some R2.6m to group profit of R19.5m, compared with only a marginal amount to the 1978 taxed profit of R10.5m.

Increased spending by the South African mining industry has assisted Haggie in maintaining full capacity at its production facilities. However, the group has not relaxed its export marketing effort, built up during the previous few years to help compensate for the slack domestic demand. Exports are currently running at some 20 per cent of total sales, with particular emphasis on the U.S.

In its first year as a publicly-quoted company, Haggie has adopted a conservative approach to dividends. From earnings per share of 103 cents, compared with 57 cents, dividends totalling 36 cents have been declared, compared with 20 cents.

The tightly-held shares are currently quoted in Johannesburg at 660 cents, reflecting market opinion that further solid growth is in prospect for the current year. Haggie's major shareholder is the UK-based Bridon group with a 39 per cent interest. Union Corporation holds 27 per cent of the equity.

Gulf insurance organisation proposed

BY JOHN MOORE

INSURANCE companies from six Gulf states are meeting on February 23 in Abu Dhabi to discuss the formation of an Arab Gulf insurance organisation.

The organisation, which could start operations in July if approved, would be formed to deal with any sudden future decisions imposed by foreign insurance companies to increase war premiums on ships crossing the Gulf.

The meeting will be attended by representatives from 25 insurance firms from Saudi Arabia, Iraq, the United Arab Emirates, Bahrain, Qatar and Oman.

The proposed organisation would insure ships crossing the Gulf and would decide on its own war risk premiums to be shared collectively by member insurance organisations in proportion to their participation in the organisation's capital.

Lloyd's of London last year declared the Gulf a war zone, consequently increasing insurance premiums on ships sailing through the Gulf region, but underwriters later reversed the decision after criticism from Gulf countries.

Attempts to establish an agreed market rating in Lloyd's failed, although premium rates have been rising for some weeks on insurance for ships crossing the Gulf.

* * *

TEN United Arab Emirates businessmen have set up with three overseas partners a joint venture insurance company in Dubai, the Hongkong and Shanghai Banking Corporation said.

The overseas partners are the Hongkong Bank group, the New Zealand Insurance group, and the Inchcape group offshoot Hongkong Reinsurance and General Insurance Company Reuter reports from Hong Kong. The UAE businessmen hold a majority stake in the new company, Al Sagr Insurance Company UAE Limited. Al Sagr will be managed by NZ Insurance, and will start operations on April 1.

The company has an authorised capital of UAE Dh 4m (about $1m) and an issued capital of Dh 2m.

The three overseas partners have a 49 per cent stake in the venture.

GM doubles Austrian investment

BY PAUL LENDVAI IN VIENNA

GENERAL MOTORS is understood to have finalised a major agreement with the Austrian Government, which will double the corporation's investment project in Austria. According to government officials, the U.S. company will build a second plant to produce gear boxes at the same Aspern site near Vienna as its previously announced project to produce 300,000 engines a year.

The final details of the agreement are expected to be publicly announced this week. However it is understood that Dr. Bruno Kreisky, the Federal Chancellor, and Mr. John P. MacCormick, GM vice-president, have agreed that the investment will now total Sch 9bn ($723m), double the original figure announced last year. Production staff at the two plants will total 2,500 instead of the originally proposed 1,500.

The second plant would produce 350,000 gear boxes annually and, as in the case of the motor plant, the Austrian Federal State and the municipality of Vienna will contribute one third of the costs in the form of a subsidy. It is expected that the entire plant will go on stream in 1983.

Officials of the Vienna Municipality said last week that construction might start in March. The Municipality has already approved the provision of the industrial site at Aspern.

The size of the Austrian State and municipal subsidies has been repeatedly criticised by the local business community. The president of the Vienna Chamber of Commerce, Herr Karl Dittrich, expressed fears that the General Motors project will further sharpen the already strained situation on the labour market, particularly with regard to skilled workers.

But despite such criticism, the Austrian Province of Carinthia is making a strong bid to attract another GM production subsidiary which would manufacture power steering units. It is understood that this project would cost some Sch1bn. The U.S. management is seeking a subsidy for this project also, amounting to 35 per cent of the investment outlay, but the authorities in Carinthia are reluctant to agree to such a high percentage. It is thought possible that in the end this plant may also be erected in the Vienna area.

Government circles are clearly delighted that General Motors is broadening its engagement in the Vienna region. Austria is keenly interested in attracting foreign capital. Chancellor Kreisky, who has led a Socialist Government since April 1970, has made it repeatedly clear that his Government welcomes multinational companies.

The latest deal with the U.S. group is also regarded here as a sign of foreign confidence in Austria's future as a neutral, viable, and prosperous State despite the deterioration of the international situation. The labour peace in Austria, with strikes last year taking up a mere seven seconds per head of the population's working time, is evidently a major factor in attracting foreign investors.

INTL. COMPANIES & FINANCE

FOREIGN BANKING

Taiwan lets in Europe

BY RICHARD C. HANSON, RECENTLY IN TAIPEI

TAIWAN is preparing to invite a handful of European banks to set up shop, a decision which will both strengthen the island's international ties and allow the Europeans, for the first time, a slice of one of the most lucrative economic pies in Asia.

Grindlays Bank is expected to receive formal approval some time next month to become the first European bank to open a branch in Taipei, with the start of business possible as early as the summer. According to Mr. Richard K. Chi, the Director of Monetary Affairs at the Finance Ministry, four or five other Europeans will be let in by the end of the year. They are believed to be Société Générale, Paribas, Banque Nationale de Paris, a West German bank, and a Dutch bank.

Grindlays had earlier been told that it would have its go ahead by the Chinese New Year (which started on Friday). The final decision, however, apparently awaits approval by the Executive Yuan, one of the highest Government bodies, which may have been delayed by the idea that any new foreign banks should rank in the world's top 100 banks worldwide (which Grindlays does not).

The delay is not seen as a serious problem because of the finance ministry's strong endorsement. Grindlays, in fact, has already signed a tentative lease for office space, and is preparing to bring in personnel to staff the branch.

The increase in official interest in having European banks in Taiwan is understandable from the Government's point of view. While trade ties with Europe are growing steadily, the foreign banking community in Taipei is nearly all from America. There is also one bank each from Japan, Singapore, the Philippines, and Thailand. Last year, the Finance Minister approved three additional U.S. banks, all regional banks.

With the Europeans moving in, the foreign bank community will swell from 16 to 21 or 22 this year. New approvals thereafter are expected at a rate of only two or three per year.

For their part, the Europeans in recent months have become much less shy about how relations with Taiwan will be viewed in Peking. Most of the banks planning Taipei offices, including Grindlays, already have various business

> While trade ties with Europe are growing steadily, the foreign banking community in Taipei is nearly all American, though there is one bank each from Japan, Singapore, the Philippines and Thailand. With the Europeans moving in, the foreign bank community will swell to 21 or 22 this year

arrangements with China. Grindlays has correspondent relations with Chinese banks, and does some business with Peking from its head office, from other branches, and from a wholly owned subsidiary in Hong Kong.

The governments in Peking and Taipei appear to have adopted much more pragmatic views of each others business activities. This has become noticeable since the U.S. officially withdrew diplomatic recognition from Taiwan in January, 1979.

To illustrate the Chinese attitude toward banks doing business in Taiwan, the Taipei branch manager of one of the largest U.S. banks tells of a recent visit he made to Peking, accompanying a high-level delegation from the home office in New York. When the main banquet of the trip came around, he (and not one of his seniors) was given the seat of honour, directly opposite the host. The Chinese appeared pleased to entertain a man doing business in what they consider just another of their "provinces."

Even if the political scene were less comfortable, Taiwan, at its present stage of economic development, would be a powerful lure for almost any banker. The Finance Ministry's Mr. Chi, who has attained a reputation among international bankers for the tough borrowing terms he insists on for Taiwan's foreign loans, is clear in his view that the foreigners should be able to make a healthy profit from business in Taipei. Mr. Chi estimates that the large American banks earn a pre-tax net profit of $7-8m a year, with the smaller banks earning $3-4m.

The reason that Taiwan is a profitable place to set up in business becomes immediately apparent when one considers how much of business there is to do. While the foreigners hold a tiny share of the domestic NT (New Taiwan) dollar market, they are active in trade financing, taking around 10 per cent of this business. Two way trade in 1979 amounted to $31bn, a gain of about 30 per cent over the 1978 level. Despite the constraints imposed by rising oil prices, trade is projected to rise another 26 per cent this year to around $39bn

The other major source of business for foreign banks (even those without operations in Taiwan) is the large amount of public and private sector borrowing done every year. Last year, Taiwan borrowed about $650m overseas and expects to raise about the same amount this year.

Nepal takes a new stance

BY R. C. MURTHY, RECENTLY IN KATHMANDU

NEPAL IS considering allowing foreign banks to open branches in the Himalayan kingdom. So far even banks from India, with which Nepal has a special relationship, have not been allowed in, although Indian trade and economic, and technical aid dominate the country's external transactions. Out of Nepalese Rs 1.05bn (about $87m) of the country's exports in the financial year to mid-July, India's share was 47.6 per cent. Of the NRs 2.47bn of imports, India accounted for about 60 per cent.

Nepal Rashtra Bank, the central bank, is now prepared to look at proposals by foreign banks. The conditions on which any foreign bank might be allowed to establish a branch have not been disclosed.

Mr. K. B. Adhikari, the governor of the central bank received a proposal from an unnamed foreign bang to set up an office in Kathmandu, while in Belgrade recenaly for the International Monetary Fund and World Bank meeting. The proposal envisaged the ploughing back of 50 per cent of the profits generated by the Napel operations.

Nepal has approached the proposal with reserve, however. The Rashtra Bank, said Mr. Adkihari, wants to look at all aspects of the question—how the bank would do business in the country, for instance, and how it would deploy its funds. There is particular concern over the question of an out-flow of funds.

All Nepalese foreign currency transactions are handled by Nepal Banijya Bank (Banijya is Nepalese for trade), a wholly-owned Government bank. The other commercial bank, Nepal Bank, is jointly owned by the Government (49 per cent) and the private sector (51 per cent).

Chartered Bank, of the Standard Chartered Group, established what is known as a "liaison office" in March 1979. Its function of the office is to further relationships with the Nepalese banks.

Nepal's foreign assets were placed at Nepalese Rs 2.4bn ($204m), in October 1978 and foreign liabilities at Nepalese Rs 505m ($42m). The problem for Nepal has been managing the foreign assets portfolio in a rapidly fluctuating international money market.

Nepal is still formulating the policy for its banking development. It has, also, still to decide where foreign banks would be sited. Besides Kathmandu, the choice of foreign banks would probably be Bhakthapu in Kathmandu Valley, and Jhapa and Sunsari, in the Terai region from which the bulk of primary commodity exports takes place.

Nepal wants to spread banking facilities around the country, in line with Indian policy, but the country's trained manpower is limited. The banking system has just reached its target of extending banking to headquarters in the country's 75 districts. In October 1978, the two commercial banks had 231 branches.

Nepal expects foreign branches to be partners in its economic development, but it is wary of allowing the opening of branches before business potential is created.

$ & £ quiet

Trading was very quiet in the foreign exchange market yesterday, with several financial centres closed for public holidays. In the Far East markets were closed for the Chinese New Year, while many German banks were shut yesterday and today for a Catholic holiday, and New York did not open because of George Washington's birthday.

With so many centres closed currencies moved within a very narrow range, including sterling. The pound was around $2.2950 for most of the day and closed at $2.2960-2.2970, a rise of 10 points on the day. Its trade weighted index, as calculated by the Bank of England, fell to 72.9 from 73.0, and stood at 72.9 at noon and in the morning.

The dollar's index, on Bank of England figures, rose to 85.5 from 85.3. The U.S. currency moved within a very narrow range of DM 1.7395 to 1.7415 against the Deutsche Mark, and closed at DM 1.7410, compared with DM 1.7415 on Friday. The Japanese yen was weak, despite the rise in the Bank of Japan's discount rate, with the dollar rising to Y244.90 from Y243.10.

D-MARK—Very strong, but remaining steady within the European Monetary System—The D-mark showed mixed changes against other major currencies, improving against sterling and the Swiss franc, but losing ground to the dollar and French franc. Most EMS members were firmer against the German currency at the Frankfurt fixing, but the Irish punt was slightly weaker. The pound fell to DM 3.9970 from DM 4.0090, and the Swiss franc to DM 1.0685 from DM 1.0707. The Bundesbank did not intervene when the dollar rose to DM 1.7405 from DM 1.7385 in quiet trading at the fixing.

ITALIAN LIRA — Recent demand has reflected tight conditions in the domestic money market: strongest EMS currency with French franc—The lira declined against most of its EMS partners, but improved against sterling, the Swiss franc and Japanese yen at the Milan fixing. The dollar rose to L806.20 from L805.45.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone improved following Friday's 2 per cent rise in the Danish National Bank's discount rate to a record 13 per cent. This was seen as a move to boost the Danish currency in the short term however, with the market looking for public spending cuts in the near future and possible tax increases. The krone gained ground against sterling and all members of the EMS at the Copenhagen fixing. It was unchanged at DKr 5.4360 against the dollar and at DKr 1.1187 in terms of the Norwegian krone.

SWEDISH KRONE—supported by rising interest rates—The krone declined against the Danish krone and Norwegian krona at the Stockholm fixing, while the dollar rose to SKr 4.1550 from SKr 4.1425 and sterling fell to SKr 9.55 from SKr 9.5750. In the third increase in a little over three months Sweden raised its discount rate to 10 per cent from January 18, but the market was nervous about another increase following Friday's events in Copenhagen and New York.

JAPANESE YEN—Energy problems reflected in sharp decline last year, but steadier recently—The yen lost ground to the dollar despite the rise of 1 per cent to 7¼ per cent in the Japanese discount rate. The U.S. currency finished at Y243.77½, compared with Y243.07½ previously. While the rise in Japan's discount rate was generally expected, Friday's 1 per cent rise in the discount rate by the U.S. Federal Reserve came as a surprise to the market and helped the dollar. Japan's deteriorating balance of payments deficit in January to a record $3.24bn also depressed the yen, and helped the U.S. unit.

THE POUND SPOT AND FORWARD

Feb. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2920-2.2985	2.2960-2.2970	0.58-0.48c pm	2.77	1.63-1.53 pm	2.76
Canada	2.6635-2.6720	2.6705-2.6715	0.90-0.80c pm	3.82	2.65-2.55 pm	3.89
Nethlnd.	4.39-4.42	4.39¾-4.40¾	2¼-1¾c pm	5.79	7¼-6½ pm	6.02
Belgium	64.70-65.05	64.85-64.95	20-10c pm	2.77	57-47 pm	3.20
Denmark	12.45-12.49	12.47-12.48	3-5ore dis	−3.85	8¼-10¼ dis	−3.13
Ireland	1.0770-1.0805	1.0785-1.0795	par-0.10p dis	−0.56	0.14-0.24dis	−0.70
W. Ger.	3.99-4.02	3.99½-4.00½	3½-2½pf pm	9.00	9¾-8¾ pm	0.37
Portugal	108.30-109.20	108.70-109.00	par-50c dis	−2.76	15-115 dis	−2.39
Spain	152.60-153.50	153.35-153.45	25c pm-25 dis	—	20pm-80dis	−0.78
Italy	1,847-1,853	1,851-1,852	¾lire pm-1¾ dis	−0.49	4¼-6¾ dis	−1.24
Norway	11.17-11.21	11.18½-11.19½	5¼-4¼ore pm	5.63	15¾-13¾ pm	5.09
France	9.34-9.38	9.36-9.37	4¼-3¼c pm	5.44	14-13 pm	5.77
Sweden	9.53-9.57	9.55-9.56	3¼-1¼ore pm	2.82	5¾-3¼ pm	1.99
Japan	557-565	562-563	4.55-4.15y pm	9.28	12.00-11.55pm	2.37
Austria	28.60-28.72	28.65-28.70	22-12gro pm	7.11	67-57 pm	9.55
Switz.	3.72½-3.75½	3.73½-3.74½	5-4c pm	14.44	13-12 pm	13.37

Belgian rate is for convertible francs. Financial franc 66.50-66.60. Six-month forward dollar 2.45-2.35c pm. 12-month 3.75-3.65c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2920-2.2985	2.2960-2.2970	0.58-0.48c pm	2.77	1.63-1.53 pm	2.75
Ireland†	2.1265-2.1285	2.1270-2.1285	0.70-0.60c pm	3.66	1.95-1.85 pm	3.57
Canada	1.1618-1.1630	1.1627-1.1630	0.09-0.06c pm	0.77	0.32-0.29 pm	1.05
Nethlnd.	1.9152-1.9195	1.9170-1.9185	0.60-0.50c pm	3.44	1.68-1.59 pm	3.40
Belgium	28.24½-28.27	28.25-28.27	2-1½c pm	0.53	5-2 pm	0.48
Denmark	5.4315-5.4360	5.4325-5.4340	2.50-3.00ore dis	−6.07	7.50-8.00dis	−5.70
W. Ger.	1.7395-1.7415	1.7405-1.7415	0.95-0.85pf pm	6.20	2.90-2.80 pm	6.55
Portugal	47.35-47.45	47.38-47.44	10-20c dis	−3.80	30-60 dis	−3.80
Spain	66.69-66.85	66.78-66.83	5-15c dis	−1.80	45-60 dis	−3.14
Italy	805.90-806.50	806.20-806.50	1¾-2¾lire dis	−3.18	7½-8½ dis	−3.97
Norway	4.8695-4.8730	4.8720-4.8730	1.50-1.00ore pm	3.08	4.30-3.80 pm	3.32
France	4.0725-4.0790	4.0775-4.0790	1.15-1.05c pm	3.23	3.15-3.05 pm	3.04
Sweden	4.1597-4.1620	4.1605-4.1615	0.35-0.15ore pm	0.72	0.55-0.35 pm	0.43
Japan	243.40-245.20	244.85-244.95	1.40-1.25y pm	5.49	3.50-3.35 pm	5.59
Austria	12.471-12.483	12.478-12.483	9.40-5.80gro pm	5.86	20.0-18.0 pm	6.09
Switz.	1.6230-1.6310	1.6275-1.6285	1.53-1.46c pm	11.02	4.20-4.13 pm	10.23

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.570452	0.625305
U.S. $	13	1.31648	1.43796
Canadian $	14	1.52076	1.66688
Austria Sch	5¼	16.4021	17.9314
Belgian F	10½	37.1908	40.5036
Danish K	13	7.15193	7.92056
D'Mark	6	2.28872	2.49098
Guilder	9½	2.52305	2.75542
French Fr	9½	5.35657	5.96897
Lira	15	1060.43	1158.13
Yen	6¼	321.092	350.431
Norwgn. Kr	9	6.41657	6.99568
Spanish Pta	9	87.7441	95.8545
Swedish Kr	10	5.45843	5.97444
Swiss Fr	2	2.15535	2.35857

CURRENCY MOVEMENTS

Feb. 18	Bank of England Index	Morgan Guaranty changes %
Sterling	72.9	Unavail.
U.S. dollar	85.5	..
Canadian dollar	81.5	..
Austrian schilling	158.0	..
Belgian franc	115.4	..
Danish kroner	108.6	..
Deutsche mark	159.1	..
Swiss franc	200.2	..
Guilder	126.2	..
French franc	102.1	..
Lira	55.3	..
Yen	115.4	..

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 18	£	$		£ Note Rates
Argentina Peso	3861-3881	1680-1690	Austria	28.65-28.80
Australia Dollar	2.0710-2.0750	0.9030-0.9035	Belgium	66.30-66.80
Brazil Cruzeiro	103.25-104.25	44.95-45.40	Denmark	12.44-12.51
Finland Markka	8.49½-8.50½	3.7040-3.7060	France	9.30-9.55
Greek Drachma	88.964-91.096*	38.20-38.40	Germany	3.98-4.005
Hong Kong Dollar	11.15¾-11.21¾	4.8650-4.8860	Italy	1875-1025
Iran Rial	n/a	n/a	Japan	560-565
Kuwait Dinar (KD)	0.621-0.631	0.2725-0.2726	Netherlands	4.38½-4.41
Luxembourg Frc.	64.85-64.95	28.25-28.27	Norway	11.10-11.83
Malaysia Dollar	4.0800-4.0950	2.1710-2.1750	Portugal	105½-100½
New Zealand Dlr.	2.3325-2.3375	1.0155-1.0180	Spain	151-158½
Saudi Arab. Riyal	7.67-7.77	3.3580-3.3620	Sweden	9.53½-9.58½
Singapore Dollar	4.9270-4.9430	2.1480-2.1520	Switzerland	3.72¼-3.74½
Sth. African Rand	1.8570-1.8680	0.8130-0.8135	United States	2.29-2.298
U.A.E. Dirham	8.54-8.64	3.7405-3.7435	Yugoslavia	50-51½

Rate given for Argentina is free rate. * Indication only.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5684	+1.96	+1.49	±1.53
Danish Krone	7.72336	7.80139	+1.01	+0.54	±1.64
German D-Mark	2.48208	2.49900	+0.68	+0.21	±1.125
French Franc	5.84700	5.85445	+0.13	−0.34	±1.355
Dutch Guilder	2.74362	2.75141	+0.28	−0.19	±1.512
Irish Punt	0.668201	0.674874	+1.00	+0.53	±1.668
Italian Lira	1157.79	1157.51	−0.02	−0.02	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.297	4.000	562.5	9.365	3.740	4.403	1862.	2.671	64.00
U.S. Dollar	0.435	1.	1.742	244.9	4.078	1.629	1.917	805.2	1.163	28.25
Deutschemark	0.250	0.574	1.	140.6	2.341	0.935	1.101	452.9	0.668	15.23
Japanese Yen 1,000	1.778	4.083	7.111	1000.	16.65	6.649	7.827	3292.	4.748	116.4
French Franc 10	1.068	2.452	4.271	600.0	10.	3.994	4.701	1977.	2.852	69.30
Swiss Franc	0.267	0.614	1.070	150.4	2.504	1.	1.177	495.1	0.714	17.35
Dutch Guilder	0.227	0.522	0.909	127.8	2.127	0.850	1.	420.6	0.607	14.74
Italian Lira 1,000	0.540	1.240	2.160	303.8	5.058	2.020	2.378	1000.	1.443	35.05
Canadian Dollar	0.374	0.860	1.498	210.6	3.506	1.400	1.648	693.2	1.	24.30
Belgian Franc 100	1.541	3.539	6.163	890.7	14.43	5.763	6.784	2953.	4.116	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.00-15.25 per cent; three-months 15.30-15.40 per cent; six-months 15.33-15.43 per cent; one year 14.80-14.90 per cent.

Feb. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	14¾-15	12½-13½	11-11¼	¼-½	7⅝-7¾	11⅛-11½	15-17	--	6⅛-10
7 days' notice	17⅞-18⅛	14⅞-15⅛	13½-13½	11⅛-11⅜	⅝-⅝	8-8⅛	11⅝-11⅞	15-18	13⅛-14⅛	8½-9
Month	18¼-18⅜	15⅛-15⅜	14-14⅜	11⅝-11⅝	3⅜-3½	8⅝-8⅞	12-12¼	18-19	14⅛-14⅜	8⅞-9¼
Three months	18¼-18½	15⅜-15⅝	14-14¼	11⅞-11⅞	4⅝-4¾	8½-8⅞	12½-12¾	18-20	14⅝-14¾	8⅜-8⅝
Six months	17¾-18	15⅜-16⅛	14-14⅝	11⅞-11⅞	4⅜-4⅜	8⅝-8⅞	13-15¼	19¼-20¼	14⅛-14⅜	8⅞-9⅛
One year	17-17½	15-16¼	13⅞-14⅞	11⅝-11⅞	4⅞-5⅛	5⅝-8⅞	13¼-15½	19½-20½	14½-14⅝	9¼-9⅝

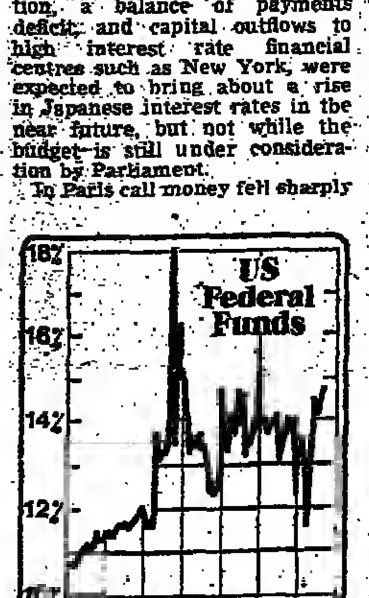
Long-term Eurodollar two years 14⅞-14⅝ per cent; three years 14⅛-14½ per cent; four years 13¾-14⅛ per cent; five years 13¾-14 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Japanese rates up

The Bank of Japan has increased its discount rate by 1 per cent to 7¼ per cent, and is also to adjust the reserve ratio for commercial banks, and plans to raise other interest rates. This is the fourth increase in the discount rate since last April, when it stood at a postwar low of 3½ per cent, and was largely prompted by Friday's rise in the U.S. Federal Reserve discount rate to a record 13 per cent. The weakness of the yen, rising inflation, a balance of payments deficit, and capital outflows to high interest rate financial centres such as New York, were expected to bring about a rise in Japanese interest rates in the near future, but not while the budget is still under consideration by Parliament.

In Paris call money fell sharply to its lowest level for five months. Surplus liquidity pushed the rate down by ¼ per cent to 11½ per cent, thanks to the injection of funds into the market by the Bank of France over the last few weeks. This has enabled the commercial banks to meet compulsory reserve requirements. Period rates remained firm, however, reflecting the probable temporary nature of the liquidity surplus in a market controlled tightly by the central bank. The French franc has been at or near the top of the European Monetary System for two months, allowing the authorities to take a relaxed view of interest rates, but in the last few days rates in New York, Tokyo and Copenhagen have all been increased.



MONEY RATES

NEW YORK

Prime Rate	15¼-15½
Fed. Funds	14⅝
Treasury Bills (13-week)	12.90
Treasury Bills (26-week)	13.00

GERMANY

Discount Rate	7
Overnight Rate	7.95
One month	8.60
Three months	8.85
Six months	8.75

FRANCE

Discount Rate	9.5
Overnight Rate	11.5
One month	12.1875
Three months	12.3125
Six months	12.3125

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.125
Bills Discount (three-month)	8.675

GOLD

Slight rise

Gold rose $4 to close at $660-665 in the London bullion market yesterday. The metal opened at $659-64, and fell to a low point of $654-657 in early trading. It was fixed at $665.25 in the morning and $661.50 in the afternoon, before closing at the highest level of the day. Trading was very quiet because of the closure of the New York market for a public holiday.

In Paris the 12½ kilo gold bar was fixed at FFr 86,000 per kilo ($655.76 per ounce) in the afternoon, compared with FFr 87,000 ($663.64) in the morning, and FFr 86,500 ($59.98) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,235 per kilo ($665.25 per ounce), compared with DM 37,680 ($674.50) previously.

	February 18		February 15	
Gold Bullion (fine ounce)				
Close	$690-680	(£287.5-889.8)	$655-661	(£286-288.3)
Opening	$659-664	(£286.55-288.8)	$673-677	(£201-292.8)
Morning fixing	$655.25	(£289.844)	$674.60	(£262.017)
Afternoon fixing	$661.50	(£288.235)	$967	(£280.371)
Gold Coins				
Krugerrand	$503-697	(£280-203½)	$660-566	(£288-891)
Mapleleaf	$663-657	(£280-293½)	$660-670	(£288-293)
New Sovereigns	$163-157	(£71-72¾)	$166-159	(£72-74)
King Sovs	$175-177	(£75½-77¼)	$178-181	(£77-80)
Victoria Sovs	$175-180	(£76½-78¼)	$178-182	(£78-81)
French 20s	$156-159		$156-159	
50 pesos Mexico	$820-830		$820-830	
100 Cor. Austria	$635-645		$635-645	
$20 Eagles	$760-790		$785-795	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Small shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave small assistance by buying a small amount of Treasury bills from the discount houses, and a small number of local authority bills.

Banks brought forward small surplus balances from Friday, there was a small decrease in the note circulation, and the market was also helped by a moderate excess of Government disbursements over revenue payments to the Exchequer.

On the other hand repayment was made of the small amount lent to two or three houses on Friday, and there was a moderate take-up of Treasury bills to finance.

Discount houses paid about 17 per cent for secured call loans in the early part, and closing balances were taken at 16-17 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 18 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	17-17½	—	—	—	17½-17⅝	16-17	—	—	—
2 days notice	—	—	17¾-17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅛-17¼	17⅞-18	—	—	—	18¼-16⅞	—	—	—
One month	17⅝-17¾	17¼-17⅝	17¾-18	18-18¼	18⅛	18-18⅜	18¼	16½	18⅛	18½
Two months	17⅝-17¾	17¾-17⅞	—	18-18⅛	—	—	—	16½	18⅛	18⅝
Three months	17¼-17⅝	17⅝-17⅞	17⅞-18	18-18⅛	17⅞	17⅞	17⅝	16⅜	17⅞	18
Six months	17¼-17½	17⅛-17½	18⅛-17⅞	17⅛-18	17¼	—	—	—	16⅞	10¼
Nine months	16⅞-16¾	16⅞-17	—	16⅞-16⅞	16⅞	—	—	—	—	—
One year	16⅜-16⅝	16⅝-16¾	16⅞-16⅞	16⅜-16⅝	16¼	—	—	—	—	—
Two years	—	—	16¾-16⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15¼-16 per cent; four years 15¼-15½ per cent; five years 15½-15¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17⅝ per cent; four-month trade bills 17⅜ per cent.

Approximate selling rates for one-month Treasury bills 15⅞ per cent; two-months 16¼ per cent; three-months 16⅛ per cent. Approximate selling rate for one-month bank bills 18⅛ per cent; two-months 17⅜ per cent; three-months 17⅛ per cent; one-month trade bills 18⅛ per cent; two-months 18⅛ per cent and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1643 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on February 18, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place and local unit		Value of £ Sterling
Afghanistan	Afghani	98.00
Albania	Lek	10.05
Algeria	Dinar	8.7075
Andorra	French Franc / Spanish Peseta	9.3650 / 153.40
Angola	Kwanza	62.686
Antigua (S)	E. Caribbean $	6.20
Argentina	Ar. Peso Free Rate	3,871
Australia (S)	Australian $	2.0730
Austria	Schilling	28.675
Azores	Portug. Escudo	108.85
Bahamas (S)	Ba. Dollar	2.2085
Bahrain (S)	Dinar	0.863
Balearic Isles	Spa. Peseta	153.40
Bangladesh (S)	Taka	34.52
Barbados (S)	Barbados $	4.5850
Belgium	B. Franc	(cm) 64.90 / (fn) 66.55
Belize	B $	4.5850
Benin	C.F.A. Franc	467.50
Bermuda (S)	Bda $	2.2965
Bhutan	Indian Rupee	18.16
Bolivia	Bolivian Peso	57.35
Botswana (S)	Pula	1.8060
Brazil	Cruzeiro	103.75
Brit. Virgin Isles (S)	U.S. $	2.2965
Brunei (S)	Brunei $	4.9350
Bulgaria	Lev	1.9170
Burma	Kyat	15.4420
Burundi	Burundi Franc	206.91
Cameroon Republic	C.F.A. Franc	467.50
Canada	Canadian $	2.6710
Canary Islands	Spanish Peseta	153.40
Cape Verde Isle	Cape V. Escudo	83.80
Cayman Islands (S)	Cay. Is. $	1.9150
Cent. Af. Repub.	C.F.A. Franc	467.50
Chad	C.F.A. Franc	467.50
Chile	C. Peso	(bk) 86.50
China	Renminbi Yuan	3.4480
Colombia	C. Peso	(F) 101.20
Comoro Islands	C.F.A. Franc	467.50
Congo (Brazzaville)	C.F.A. Franc	467.50
Costa Rica	Colon	19.75
Cuba	Cuban Peso	1.5694
Cyprus (S)	Cyprus £	0.780
Czechoslovakia	Koruna	(com) 11.85 / (nc) 23.58 / (T) 17.35
Denmark	Danish Krone	12.475
Djibouti	Fr.	390.0 (sg)
Dominica (S)	E. Caribbean $	6.20
Dominican Repub	Dominican Peso	2.2085
Ecuador	Sucre	(O) 57.34 / (F) 63.64
Egypt	Egyptian £	(U) 1.02
Equatorial Guinea	Peseta	153.40
Ethiopia	Ethiopian Birr	(P) 4.7050
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.475
Fiji Islands	Fiji $	1.9170
Finland	Markka	8.50
France	French Franc	9.3650
French C'ty in Af.	C.F.A. Franc	467.50
French Guiana	Local Franc	9.3650
French Pacific Is.	C.F.P. Franc	157.15
Gabon	C.F.A. Franc	467.50
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.00
Germany (West)	Deutsche Mark	4.00
Ghana (S)	Cedi	6.35
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	90.05*
Greenland	Danish Kroner	12.475
Grenada (S)	E. Caribbean $	6.20
Guadaloupe	Local Franc	9.3650
Guam	U.S. $	2.2065
Guatemala	Quetzal	2.2965
Guinea Republic	Sily	45.00
Guinea Bissau	Peso	70.50
Guyana (S)	Guyanese $	5.8535
Haiti	Gourd	11.45
Honduras Repub	Lempira	4.5100
Hong Kong (S)	H.K. $	11.185
Hungary	Forint	(com) 75.71 / (T) 46.05
Iceland (S)	I. Krona	918.0
India (S)	Ind. Rupee	18.16
Indonesia	Rupiah	1,434.65
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6787
Irish Republic (k)	Irish £	1.0780
Israel	Israel £	97.95
Italy	Lira	1,851.9
Ivory Coast	C.F.A. Franc	467.50
Jamaica (S)	Jamaica Dollar	4.0860
Japan	Yen	562.5
Jordan (S)	Jordan Dinar	0.678 (sg)
Kampuchea	Riel	2,754.5
Kenya (S)	Kenya Shilling	16.925
Kiribati	Australian $	2.0730
Korea (Nth)	Won	1.979 (l)
Korea (Sth)	Won	1,383.57
Kuwait (Sth)	Kuwait Dinar	0.626
Laos	Kip Pot Po	85.10
Lebanon	Lebanese £	7.3560
Lesotho	S. African Rand	1.8675
Liberia	Liberian $	2.2965
Libya	Libyan Dinar	0.6795
Liechtenstein	Swiss Franc	3.74
Luxembourg	Lux Franc	64.60
Macao	Pataca	12.00
Madeira	Portug'se Escudo	108.85
Malagasy Republic	MG Franc	467.50
Malawi (S)	Kwacha	1.8475
Malaysia (S)	Ringgit	4.9880
Maldive Islands (S)	Mal Rupee	9.0210
Mali Republic	Mali Franc	935.0
Malta (S)	Maltese £	0.795
Martinique	Local Franc	9.365
Mauritania	Ouguiya	99.55
Mauritius (S)	M. Rupee	17.40
Mexico	Mexican Peso	52.26
Miquelon	C.F.A. Franc	467.50
Monaco	French Franc	9.365
Mongolia	Tugrik	(o) 6.2590 (ll)
Montserrat	E. Caribbean $	6.20
Morocco	Dirham	9.55 (sg)
Mozambique	Moz. Escudo	69.30
Nauru	Australian Dollar	2.0730
Nepal	Nepalese Rupee	27.55
Netherlands	Guilder	4.4025
Netherland Antilles	Antillian Guilder	4.1080
New Hebrides	French Franc / Aust. Dollar	150.60 / 2.0730
New Zealand (S)	N.Z. Dollar	2.3550
Nicaragua	Cordoba	22.85
Niger Republic	C.F.A. Franc	467.50
Nigeria (S)	Naira	1.242580 (sg)
Norway	Norway Krone	11.19
Oman Sultanate of (S)	Rial Omani	0.794
Pakistan	Pakistan Rupee	22.60
Panama	Balboa	2.2965
Papua N. Guinea (S)	Kina	1.5825
Paraguay	Guarani	289.41
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7850
Peru	Sol	(exC) (A) 602.01
Philippines	Philippine Peso	16.70
Pitcairn Islands (S)	£ Sterling / New Zealand $	1.0 / 2.3550
Poland	Zloty	(cm) 66.00 / (T) 66.00
Portugal	Portugu'se Escudo	108.85
Port Timor	Timor Escudo	108.85
Puerto Rico	U.S. $	2.3045
Qatar (S)	Qatar Ryal	8.45
Reunion Ile de la	French Franc	9.3650
Rhodesia	Rhodesian $	1.5450
Romania	Leu	(cm) 10.05 / (nc) 26.95
Rwanda	Rwanda Franc	210.04
St. Christopher (S)	E. Caribbean $	6.20
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.20
St. Pierre	C.F.A. Franc	467.50
St. Vincent (S)	E. Caribbean $	6.20
Salvador El	Colon	5.74
Samoa American	U.S. $	2.2965
San Marino	Italian Lira	1,851.5
Sao Tome & Principe	Dobra	72.82
Saudi Arabia	Ryal	7.72
Senegal	C.F.A. Franc	467.50
Seychelles	S. Rupee	15.25
Sierra Leone (S)	Leone	2.4080
Singapore (S)	Singapore $	4.9350
Solomon Islands (S)	Solomon Is. $	1.9635
Somali Republic	Somali Shilling	(A) 13.80
South Africa (S)	Rand	1.8675
South West African Territories (S)	S. A. Rand	1.9675
Spain	Peseta	153.40
Spanish ports in North Africa	Peseta	153.40
Sri Lanka (S)	S. L. Rupee	35.40
Sudan Republic	Sudan £	n/a
Surinam	S. Guilder	4.1000
Swaziland (S)	Lilangeni	1.8675
Sweden	S. Krona	9.555
Switzerland	Swiss Franc	3.74
Syria	Syria £	(A) 9.0125
Taiwan	New Taiwan	(P) 82.66
Tanzania (S)	Tan. Shilling	18.75
Thailand	Baht	46.65
Togo Republic	C.F.A. Franc	467.50
Tonga Islands (S)	Pa'anga	2.0730
Trinidad (S)	Trinidad & Tob. $	5.5115
Tunisia	Tunisian Dinar	0.905 (sg)
Turkey	Turkish Lira	169.50
Turks & Caicos	U.S. $	2.2965
Tuvalu	Australian $	2.0730
Uganda (S)	Uganda Shilling	16.75
United States	U.S. Dollar	2.2970
Uruguay	Uruguay Peso	(cm) 18.65 / (fin) 19.59
Utd. Arab Emirates	U.A.E. Dirham	8.56
U.S.S.R.	Rouble	1.4490
Upper Volta	C.F.A. Franc	467.50
Vatican	Italian Lira	1,851.5
Venezuela	Bolivar	9.85
Vietnam	Dong	(d) 6.0040 / (T) 4.80 (l)
Virgin Islands U.S.	U.S. Dollar	2.2965
Western Samoa (S)	Samoan Tala	2.0015
Yemen	Ryal	10.40 (sg)
Yugoslavia	New Y Dinar	46.2985
Zaire Republic	Zaire	4.674155
Zambia	Kwacha	1.79

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 56.40. **Rate is the transfer market (controlled). ‡Rate is now based on 2 Barbados $ to the dollar. ††Now one official rate. (U) Unified rate.

Oil tilts the balance of U.S.-Mexico relations

By WILLIAM CHISLETT, Mexico City Correspondent

"POOR MEXICO, so far from God and so close to the United States," lamented Mexico's dictator, Porfirio Diaz, at the end of the last century.

Pope Jnhn Paul II visited Mexico last year and, to judge from the fervent reception given to him, the country feels a little less distant from the Almighty. But Mexico's proximity to the U.S. is a potent factor—economic, political and psychological—for the population of 67m. The two countries share a 2,000 mile border, the longest in the world between a highly developed and an underdeveloped country.

However, Porfirio Diaz did not know of Mexico's tremendous potential oil reserves (pnt at 200bn harrels) when he made his oft-quoted remark. Now Mexico has oil in abundance (proven reserves are 46bn barrels, the sixth largest in the world) and hence has an ace up its sleeve in dealing with the energy-hungry colossus to the north.

President Jose Lopez Portillo with President Jimmy Carter at the White House.

This oil is causing the U.S. radically to rethink and upgrade its policy towards Mexico. Presidents Lopez Portillo and Carter have met three times in the past three years. Mexico regards the oil as a golden opportunity to reduce dependence npon the U.S. Pemex, the state oil monopoly, is pursuing a diversified export policy and the flow of petrodollars will undoubtedly strengthen the Mexican State.

"Emboldened by its oil, Mexico is also adopting a more vigorous and independent foreign policy which, unlike in tha past, is not just focused on our obsession with the U.S.," as one Mexican diplomat put it to me, "hut involves looking south to Central and South America where Mexico can have a sphere of influence."

Mexico's recent election to the UN Security Council, as a compromise between deadlocked Cuban and Colombian candidatures, is a key element in the more active foreign policy.

Apart from in 1946, Mexico has deliberately not sought election to the Security Council. Successive governments have felt, in the words of a Mexican diplomat closely involved in formulating current policy towards the U.S., that "we could not really act independently and according to principles as opposed to issues."

Now Mexico, which had decided anyway to seek the UN post in 1981, feels that it can fulfil an independent role as it is less susceptible to U.S. pressure. The U.S. found this when the issue of imposing sanctions against Iran was put to the vote in the Security Council, Mexico abstained.

To the outsider Mexico's attitude towards the U.S. is hysterical, exaggerated and xenophobic and certainly there is a strong dose of all three. Reading the highly nationalistic Mexican press—never the most accurate guide to the country—it sometimes appears that the two countries are on the verge of war: after the U.S. State Department called Mexico's 30 per cent oil price rise "unjustified" in January, Mexican newspapers ran extracts from last October's issua of an obscure, girlie U.S. magazine of a short story about an imaginary invasion of Mexico to seize the oil. The impression left was that the U.S. Marines were hovering on the border and that the article reflected U.S. policy towards Mexico.

However, the Mexican attitude towards the U.S. is in part understandable, for the U.S. impinges greatly, not on the strong national character which is heir to ancient civilisations and has been fiercely retained, hut on the economy:

- Total accumulated foreign investment in Mexico at the end of 1979 was $6.8bn of which almost 70 per cent was American. This year capital expenditure by majority-owned affiliates of U.S. companies in Mexico is estimated at a record $770m compared to $569m last year.
- The U.S. takes 70 per cent of Mexico's exports, over $5bn last year (including about 600,000 b/d of oil) and supplies Mexico with around 62 per cent of its imports, worth in 1979 more than $6.6bn. Mexico is tha fifth largest U.S. export market and also its fifth largest supplier of imports.
- There are at least 37 U.S. banks and financial institutions in Mexico and $10bn of Mexico's public foreign debt of $30bn is with U.S. banks.
- Some 85 per cent of the 4.2m tourists who visited Mexico in the first eleven months of 1979 came from the U.S. (Including border crossings the net revenue earned was $1.6bn.)
- Last year the U.S. Immigration and Naturalisation Service, which patrols the border, made 1,069,400 arrests of peopla illegally crossing the frontier, in search of work. Of these arrests (sometimes of the same person trying several times, but figures do not distinguish) 998,761 were Mexicans. Remittances from legal and illegal Mexican workers in the U.S. amount to at least $3bn.
- In-bond plants set up on the Mexican side of the border which enjoy an advantageous tax regime using U.S. raw materials and Mexican labour, make up a hillion dollar indnstry.

According to data supplied by the Banco de Mexico and the Industry Ministry there were 268 companies in Mexico in 1977 with between 25 and 49 per cent of U.S. capital and 665 with more than 49 per cent U.S. capital, such as Chrysler, General Motors and Anderson Clayeton. These 665 were established before the 1973 foreign investment law which limits foreign participation to 49 per cent. Imports into Mexico of all 993 companies totalled just more than $1bn in 1977 and exports $709m.

Last year a U.S. presidential review memorandum—PRM 41—drawn up by the National Security Council as part of the rethink of policy towards Mexico, described Mexico as "an economic power of strategic value to the U.S." and labelled oil as "the most promising new sources."

Forging a "special" relationship with Mexico, which seems to be Washington's goal, is not going to be easy as it contradicts Mexico's desire to reduce dependence. The suggestion in some U.S. circles of creating a North American common market of Mexico, the U.S. and Canada, was quickly stamped upon in Mexico as a ploy to get the oil.

At the same time, whatever tha official Mexican rhetoric, Mexico is inescapably linked to the U.S. It is a matter of the degree of interdependence, and herein lies the future areas of both conflict and mutual interest. Mexico has to import huge amounts of cereals from the U.S.; the U.S. needs Mexican oil; Mexico could not withstand a harsh crackdown on illegal emigration to the U.S. which acts as a "safety valve."

Mexico now only supplies the U.S. with 5-6 per cent of its oil needs and has just started to export 300m cubic ft a day of natural gas. In both areas there is room for tremendous increases, but Mexico is loath to turn up the oil valves just to satisfy American greed for oil and give the U.S. a convenient, next door source. The U.S. is the logical market, but Mexico has no problem in diversifying oil exports, and will, in fact reduce America's percentage share of total oil exports from about 85 per cent to 70 per cent by the end of 1980.

Carlos Fuentes, Mexico's leading novelist and assiduous commentator on U.S.-Mexico relations, pinpointed the approach which the U.S. must adopt if it is to avoid having a Cuba or Chile on its doorstep when he said "Mexico is a nation, not an oil well."

The U.S. Administration, in the wake of the Iranian and Afghanistan crisis, is having to view its neighbour in a different and less Big Brotherly light.

COMPANY NOTICES

NOTEHOLDERS OF BANQUE SUDAMERIS FLOATING RATE NOTES DUE 1987

Banque Sudameris
French Société Anonyme
with a Share Capital of FF 129,000,000
Registered Office: 4, rue Meyerbeer, 75009 Paris, France
R.C.S. PARIS B 542 056 544 - A.P.E. 8902

Notice of First Meeting of General Assembly of Noteholders

Notice is hereby given to the holders of Floating Rate Notes due 1987 ("Notes") issued by BANQUE SUDAMERIS in aggregate principal amount of U.S.$30,000,000 (all of which are outstanding) that the First Meeting of the General Assembly of Noteholders will be held on March 10th, 1980 at 3.15 pm. Paris time, at the registered office of BANQUE SUDAMERIS, 4, rue Meyerbeer, 75009 Paris, France, for the purpose of acting upon the *following:*

—Appointment of Representatives of the "Masse" of noteholders, with the following persons to be proposed:
Mr. Roger Bodin, 35, avenue de Saint-Mandé, 75012 Paris, France
Mr. Jean Fleuret-Labayle, 4, square Léon Blum, 92800 Puteaux, France
—Determination of the powers, term of appointment and remuneration of the Representatives of the "Masse" of noteholders.
—Determination of the place for filing of records of the meeting.
—Miscellaneous.

Any Noteholder may attend the Meeting or be represented at the Meeting by proxy. In order to participate in the action to be taken at the Meeting or to be represented at the Meeting, Noteholders must deposit their Notes (or a certificate of deposit issued by the bank, financial institution or stockbroker with whom such Notes have been deposited) at least five (5) days prior to the date set for the Meeting at the principal office of any one of the following banks:

—BANQUE SUDAMERIS, 4 rue Meyerbeer, 75009 Paris
—BANQUE DE SUEZ-LUXEMBOURG S.A., 10, rue Aldringen, Luxembourg
—BANCA COMMERCIALE ITALIANA, Piazza della Scala, 6, 20121 Milan
—BANQUE DE PARIS & DES PAYS-BAS POUR LE GRAND DUCHE DU LUXEMBOURG, 10a, boulevard Royal, Luxembourg
—CREDIT INDUSTRIEL & COMMERCIAL, 280 Park Avenue, New York, New York 10017
—MIDLAND BANK LIMITED, P.O. Box 181, 60 Gracechurch Street, London EC3P 3BN
—MORGAN GUARANTY TRUST, 35, avenue des Arts, 1040 Bruxelles
—SOCIETE GENERALE, 29, boulevard Haussmann, 75009 Paris
—UNION BANK OF SWITZERLAND, 45, Bahnhofstrasse, 8021 Zurich

These banks will issue receipts for such deposits and will make available forms of proxies enabling Noteholders to be represented at the Meeting by proxy. Noteholders, either in person or through a duly appointed agent, shall have the right to inspect or copy the texts of resolutions to be proposed at the Meeting at the registered office of Banque Sudameris and at the office of Banque de Suez-Luxembourg S.A. in Luxembourg.

BANQUE SUDAMERIS
The Board of Directors

U.K. CONVERTIBLE STOCKS 15/2/80

Statistics provided by *data STREAM International*

Name and description	Size (£m)	Curreot price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◇ Current
Bank of Ireland 10pc Cv. 91-96	1.20	157.00	47.6	77-81	6.5	4.0	−15.0	−15 to −6	0.0	14.0	7.6	+23.6
British Land 12pc Cv. 2002	7.71	243.00	333.3	80-97	5.0	3.3	4.1	− 4 to 12	0.0	91.8	39.3	+35.2
Hansoo Trust 6½pc Cv. 88-93	3.38	85.00	57.1	76-81	7.9	8.7	1.2	− 7 to 14	6.1	6.2	0.2	− 1.0
Slough Estates 10pc Cv. 87-90	5.50	208.00	187.5	78-86	4.8		1.8	− 6 to 9	36.6	42.9	3.1	+ 1.3
Slough Estates 8pc Cv. 91-94	24.88	105.00	78.0	80-91	7.7	7.5	23.5	16 to 28	25.6	49.6	28.2	+ 4.7
Thorn Electrical 5pc Cv. 90-94	1.73	89.00	29.1	75-80	5.6	6.2	− 3.2	− 4 to 26	0.0	0.0	0.0	+ 3.2
Ultramar 7pc net R.Cv.Pfd.	12.59	2.40	0.5	76-83	4.2		− 3.8	− 7 to 3	25.4	24.8	− 0.2	+ 3.6
Wilkinson Match 10pc Cv. 84-98	11.10	78.00	40.0	76-83	13.0	13.4	33.6	18 to 41	20.3	28.5	14.0	−19.6

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness.

Week ending February 15, 1980

WORLD STOCK MARKETS

Tokyo retreats in heavy trade

DEPRESSED BY the Bank of Japan's decision to raise the official Discount Rate by 1 per centage point to 7.25 per cent a year from the current 6.25 per cent, the Tokyo stock market retreated over a broad front in further heavy dealings yesterday.

The Nikkei-Dow Jones Average lost 71.11 to 6756.60 and the Tokyo SE index receded 2.88 to 469.59. Declining issues led gains by 446 to 195 on the First Market section, while trading volume amounted to 800m shares against last Friday's 900m.

The sharp reaction on Wall Street last Friday following a 1 per cent rise in the U.S. Official Discount Rate also helped to undermine the Tokyo market.

Oils, Trading Houses, Non-ferrous Metals, Machine Manufacturers and export-orientated leaders suffered the heaviest losses.

Nippon Oil fell Y40 to Y1,850, Toyota Motor Y15 to Y823, Pioneer Electronic Y50 to Y1,960, Dowa Mining Y32 to Y773, Green Cross Y40 to Y1,690, Matsushita Electric Works Y14 to Y535, Mitsubishi Y21 to Y685, Mitsui Y14 to Y371 and TDK Electronic Y30 to Y1,890.

However, some large-capital stocks among major Steel Makers and Shipbuilders were firm on speculative buying. A broker said such stocks are sold usually when the Bank of Japan raises its Official Lending Rate, but yesterday's buying was on speculation that demand for such defence-related machinery as Ships is going to strengthen because of the tension between the U.S. and the Soviet Union.

Kawasaki Steel put on Y3 to Y145, Sumitomo Metal Y7 to Y157 and Kawasaki Heavy Industries Y2 to Y180.

Papers and Pulps rose on reports that the price of newsprint is scheduled to be boosted by more than 30 per cent this April, while some other speculative stocks like Rasa Industries, Yokogawa Bridge Works and Nippon Miniature Bearing also moved higher with the help of speculative buying.

Canada

As investors awaited the results of yesterday's Federal Election, stocks moved indecisively on Canadian markets in reduced but quite active early trading, but showed a slight tendency to higher levels at mid-session.

The Toronto Composite Index hardened 1.2 to 2,046.1 at mid-day, while gains exceeded losses on the exchange by 192 to 167. The Oil and Gas index rose 12.5 to 4,337.3 and Golds put on 3.1 to 3,200.3, but Metals and Minerals shed 5.7 to 2,202.2.

In Montreal, Banks moved up 0.70 to 321.61, but Utilities receded 0.74 to 261.16 and Papers 0.17 to 200.26.

Among Oils, Gulf Canada rose 3¼ to C$139¼, Hudson's Bay Oil C$1 to C$125 and Imperial Oil "A" ½ to C$45½, but Texaco Canada shed ½ to C$78½ and BP Canada ½ to C$39½.

Among Base Metals, Inco rose ½ to C$34½ and Hudson Bay Mining ½ to C$34½, but Alcan slipped ½ to C$67½.

Noranda, the most active Industrial issue on 33,988 shares, added ½ at C$27½, in Toronto.

Germany

Share prices were generally lower on the Frankfurt Stock Exchange in listless trading affected by the closure of some German financial centres because of carnival holidays. The Commerzbank index was unavailable due to holiday influences.

The reaction followed last week's recovery movement, and was partly influenced by last Friday's Wall Street decline.

Among Machine Manufacturers, Linde lost DM 2.50, MAN DM 6.50 and Mannesmann DM 2.20. BMW shed DM 2 in Motors, Kaufhof DM 3.50 in Stores and Schering DM 4.50 in Chemicals. Commerzbank eased DM 2.

Market sources said they did not expect significant price movements today, the last day of the carnival when many banks, businesses and Brokerage Houses in Frankfurt are taking a half-day holiday.

Australia

Resources stocks mostly lost further ground on fresh profit-taking, although late bargain hunting left many issues above the day's worst. Industrials were mixed with an easier bias.

The Sydney All Ordinaries index receded 8.94 to 910.72 and the Metals and Minerals index 81.74 to 6,205.70.

Among Coal Minings, Oakbridge declined 15 cents to A$3.95 and Thiess 20 cents to A$9.30. Utah, however, picked up 10 cents to A$5.00, helped by news of the price it had negotiated for Norwich Park coal, which others may find hard to match. Utah was said to have exploited its better infrastructure and inner supply lines to set the price.

Elsewhere in Minings, Western Mining lost 20 cents to A$4.90, Otter Exploration 20 cents to A$2.55, North Broken Hill 20 cents to A$3.75, MIM 14 cents to A$5.86, EZ Industries 96 cents to A$7.54, BH South 30 cents to A$4.90 and Consolidated Goldfields 20 cents to A$7.30.

CRA rose 4 cents to A$6.54 on the strength of an anticipated progress report on the Ashton joint diamond venture.

In the Industrials sector, BHP were down 20 cents at A$13.65 and CSR fell 16 cents to A$6.60, but Bank of New South Wales gained 7 cents to A$3.42.

ICI Australia added 3 cents at A$2.98 on reports of the company's involvement in a major new tin discovery in the Glen Innes area of New South Wales.

Paris

Bourse prices displayed an easier tendency in light trading, with declines outscoring gains on the French section by 105 to 66.

However, dealers said the underlying tone is relatively stable despite Wall Street's lower close on Friday and higher U.S. and Japanese interest rates. Aiding sentiment was a decline in the French Call Money rate to 11¾ per cent from 12 per cent, its lowest level for five months.

Rubbers, Mechanicals, Hotels and Metals generally improved, but Foods, Motors, Constructions, Electricals, Oils and Textiles mainly receded.

After both reporting higher 1979 turnover, L'Oreal gained FFr 17 to FFr 709 but Ferodo lost 10 centimes to FFr 340.

Carrefour advanced FFr 35 to FFr 1,820 and Imetal FFr 3.20 to FFr 119, but Bouygues retreated FFr 33 to FFr 811 and Peugeot-Citroen FFr 3.80 to FFr 271.

Johannesburg

Gold shares were narrowly mixed after quiet trading. Western Holdings gained 100 cents to R61.00, while Vaal Reefs and President Brand put on 50 cents each to R64.50 and R41.00 respectively, but Southvaal shed 50 cents to R22.7 and Deelkraal 15 cents to R5.25.

Mining Financial Anglos receded 30 cents to R13.90, but De Beers advanced 15 cents to R11.65. Platinums were easier and Industrials mixed.

Amsterdam

Widespread losses occurred, partly reflecting last Friday's Wall Street setback.

Royal Dutch fell Fls 2.40 in Dutch Internationals.

Elsewhere, ABN fell Fls. 2.50, KLM Fls. 1.20, Nationale Nederlanden Fls. 1.40, Robeco Fls. 1.2, Rolinco Fls. 1.50, OCE-Van der Grinten Fls. 2.90 and Ahold Fls. 1.40. Deli, however, climbed Fls. 3.50, and Van Ommeren rose Fls. 1.50, among the few higher issues.

State Loans resumed their fall after last Friday's tentative recovery.

Hong Kong

Markets in Hong Kong and Singapore were closed yesterday for the Chinese New Year.

U.S markets were closed yesterday for the Washington Birthday holiday.

NEW YORK

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

SPAIN Madrid SE (29/12/78)	(c)	101.85	101.82	100.86	102.22 (18/1/80)	93.31 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	379.99	380.51	380.54	376.87	401.34 (6/2/70)	351.37 (24/9)
SWITZERLAND Swiss Bank Cp. (31/12/58)	315.7	315.5	317.0	317.4	329.10 (2/5)	294.00 (5/1/79)
WORLD Capital Intl. (1/1/70)	—	140.1	142.2	143.5	143.5 (15/2/80)	122.2 (1/10/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

SINGAPORE

HONG KONG

SOUTH AFRICA

JAPAN

Financial Rand US$1.07¼ (Discount of 12¾%)

BRAZIL

Feb. 15	Price Cruz	+ or −
Banco Brasil	2.78	+0.12
Banco Itau	1.52	..
Belgo.Min.	2.40	−0.05
Lojas Amer	1.40	..
Petrobras PP	2.37	+0.05
Pirelli	1.92	..
Souza Cruz	3.20	−0.02
Unip PE	5.10	..
Vale Rio Doce	3.80	..

T'over Cr 570.6m. Vol. 224.6m. Source: Rio de Janeiro SE.

Spanish prices Page 25

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

JOBS COLUMN, APPOINTMENTS

Examinations' failure

BY MICHAEL DIXON

AN HOUR or two from now, the British Government will be announcing the future sbape of the 16-plus examinations which are increasingly the prime determinant of the career prospects of young people in England and Wales.

While the details of the Government's plan are not yet known, there is little douht as to its main rationale. This will be to preserve as tbe summit of the exam system the Ordinary levels of the General Certificate of Education, for the stated purpose of upholding the confidence of the puhlic, including employers, in the "standards" represented by the GCE exams.

This keenness among our Education Ministers to uphold public confidence in the exam system, seems oddly timed. For the past few months have seen an unprecedented flow of evidence to the effect that such public confidence is misplaced.

In December, there appeared a weighty report from the State's independent schools inspectorate indicating—among other things—that the present level of public confidence was counterproductive. It was causing schools to over-conceotrate on preparing children for the public exams and ao to adopt narrow "fact-instilling" types of teaching which discouraged pupils from exploring either the practical applications or the underlying concepts of what they were taught, the inspectorate said.

Earlier, a report on a three-year practical experiment by the National Computing Centre showed that whether or not young people bad passed public examinations was a distinctly unreliable indicator of their ability to do skilled work as computer programmers or operators.

Around the same time the Schools Council reported on the problema of comparing "standards" as represented by grsdes awarded to candidates both in the 16-plus exams and in those for GCE Advanced-level at 18-plus, which the council is responsihle for supervising.

Altbough somewhat pusillanimous, this report effectively confirmed that examining methods do nol ensure that the award of any given grade, such as a B, signifies the same standard of attainment in one subject as il does in another, or even in the same subject taken in the exama nf differenl years. Thus nothing worthy of the name "national standard" is represented by requirements like "five O-level pass-gradea" or "two A-level passes" used not only to select youngsters for further or higher education, but also by employers in determining wbo sball and shall not be given the cbance of a skilled job.

Employers also increasingly restrict the better career prospects to job-candidates who have obtaioed a degree, or even s particulsr class of degree. In teaching, for example, the gaining of "a lower-second-class honours or better" can make an important difference to pay prospects.

In making sucb stipulations, the employers seem once sgain to be assuming that some national standard ls represented by the award of degree-classes —an assumption which is clearly questioned by the eccompanying table.

Calculated from unpublished statistics, the table shows how the various classes were allocated by the 45 UK university institutions in 1977. The percentages are cumulative from left to right, and the institutions are ranked in increasing order of generosity according to the ahare of tbeir bachelor-degree graduates awarded a lower-second or better. Tbe greater generosity of English and Welsh universities reflects the fact tbat most of their students take three-year honoors courses, whereas in Scotland relatively fewer take a four-year honours conrse with large numbers pursuing only the more general, three-year ordinary degree.

Even so, tbe differences indicated by the table suggest that degree-classes no more represent national atandards than do the underlying 16-plus and 18-plus exams.

The Honours Degree Stakes

	Nomber of graduates	First class %	Upper second or better %	Undivided second or bettor %	Lower second or better %	(Lower second or better 1976) %	All honours %
Glasgow	2,021	4.1	14.9	21.6	33.7	(34.1)	36.9
Strathclyde	1,467	4.0	18.5	18.5	38.0	(39.7)	45.3
Stirling	438	4.3	19.0	19.0	41.6	(41.9)	44.1
Edinburgh	2,107	6.2	17.5	31.8	42.9	(42.6)	45.2
Dundee	564	2.1	17.0	17.0	44.2	(44.2)	46.8
Aberdeen	1,196	4.2	22.6	22.6	45.7	(42.7)	49.7
Heriot-Watt	550	6.6	18.6	37.3	52.7	(53.0)	65.8
Queen's Belfast	1,181	3.8	22.2	22.7	52.8	(53.2)	56.1
St. Andrews	681	8.5	25.6	42.3	63.7	(64.3)	67.7
London	7,191	8.2	33.5	33.5	64.2	(64.0)	76.8
Liverpool	1,702	4.5	30.7	30.7	66.7	(68.0)	76.0
Leeds	1,949	4.4	29.8	29.8	68.2	(73.7)	80.5
Salford	960	5.3	28.6	28.6	68.3	(63.6)	86.3
Birmingham	1,802	4.8	30.3	30.3	70.5	(73.5)	79.3
University of Manchester Institute of Science & Technology	656	11.3	38.7	38.7	70.6	(70.2)	83.7
Newcastle	1,517	4.8	29.1	29.7	71.7	(69.0)	80.2
Manchester	2,331	4.8	35.6	35.6	71.7	(69.8)	79.8
Surrey	545	7.9	36.0	36.0	71.7	(73.9)	88.1
Aston in Birmingham	930	5.5	33.1	33.1	73.3	(72.2)	86.8
Brunel	369	7.6	32.5	32.5	74.0	(70.2)	99.4
Loughborough	811	6.8	30.7	30.7	74.6	(77.2)	91.6
Oxford	2,802	11.8	11.8	76.3	76.3	(76.1)	88.7
University of Wales	4,091	4.1	32.4	32.5	76.6	(79.0)	89.8
Sheffield	1,655	4.4	36.8	36.8	77.3	(76.4)	87.2
Durham	1,077	5.2	38.4	38.4	77.6	(74.7)	88.8
Bristol	1,588	6.4	40.2	40.4	78.7	(74.5)	86.4
City University	468	10.9	35.1	35.1	79.3	(74.4)	94.0
Bradford	810	6.7	42.0	42.1	79.6	(74.3)	89.9
Hull	1,067	2.7	32.3	32.3	80.3	(78.6)	93.3
Essex	482	3.5	39.0	39.0	81.1	(85.9)	96.1
Bath	692	5.1	38.5	38.5	81.4	(83.4)	93.1
Nottingham	1,569	6.5	40.0	40.0	82.4	(82.1)	91.2
Sussex	957	5.1	40.8	40.8	83.2	(80.8)	95.7
Warwick	986	5.0	35.7	35.7	83.3	(85.0)	95.3
Lancaster	972	3.0	34.5	34.5	83.7	(84.9)	95.7
Southampton	1,302	5.5	37.1	37.1	83.8	(84.5)	96.2
East Anglia	875	4.9	36.2	36.2	84.1	(85.6)	96.3
Kent	664	2.7	32.2	32.2	84.2	(82.6)	94.1
Reading	1,129	3.9	40.6	40.7	84.8	(85.8)	96.9
Keele	489	2.9	33.9	33.9	86.1	(86.9)	98.6
Leicestur	885	3.2	35.7	35.7	86.4	(84.6)	96.6
Exeter	936	4.2	39.9	39.9	87.4	(84.7)	97.1
Ulster	342	3.5	35.1	35.1	88.0	(85.0)	97.4
York	677	5.0	48.3	48.3	89.1	(88.0)	97.9
Cambridgo	2,901	16.3	57.1	65.2	94.4	(92.7)	99.2
Total	60,384	6.2	32.2	36.7	70.9	(69.8)	81.0
Men	38,691	7.3	31.8	37.1	69.0	(68.0)	80.6
Women	21,693	4.3	32.8	35.9	74.3	(73.1)	81.5

Sugar tumbles as speculators take profits

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD sugar prices tumbled on the London terminal market yesterday following heavy speculative selling. In the morning the London daily price for raw sugar was cut by £11 to £250 a tonne—£37 below the five-year peak reached last week. On the futures market the May position closed £21.525 lower at £262.35.

The International Sugar Organisation confirmed that a further 818,590 tonnes of special reserve stocks, held under the provisions of the International Sugar Agreement, will automatically be released today as a result of market prices being above the trigger level of 20 cents per lb for the required period.

This follows the release of 835,000 tonnes of special reserve stocks last week when the first trigger level of 19 cents was exceeded. The Organisation is to meet tomorrow to consider whether the remaining 351,000 tonnes of reserve stocks, making a total of 2m tonnes, should be released if prices remain above 21 cents—the final trigger level.

Although the release of these extra supplies is believed to have had some effect on market sentiment yesterday, the main reason for the sharp decline was attributed to speculative profit-taking after the recent sharp upsurge. It was claimed that the market had become overbought and in the absence of any fresh "bullish" news the higher levels could not be sustained.

The closure of the New York sugar market to mark Washington's birthday reduced trading interest; so did the absence of physical buying demand.

Traders reported that trading on the world market had fallen to a low ebb with sellers reluctant to pay what they consider to be artificially inflated prices. Certainly last week's rise was mainly fuelled by speculative buying, not matched by actual demand for sugar.

The EEC Commission confirmed yesterday that it was imposing a tax on exports of raw sugar to stop depletion of stocks by exporters selling onto the world market.

A tax could be imposed on white sugar exports if world prices continued to rise. But yesterday's decline in the market suggests that at the weekly selling tender tomorrow the Commission is more likely to continue granting subsidies rather than a tax on exports.

● Peru, a traditional producer and exporter of sugar mainly to the U.S., has bought 21,000 tonnes of sugar on the international market for the first time in history.

The purchase has been made by Cecoaap, the sugar cooperatives central agency, which handles marketing and which refused to reveal origin or price of the purchase.

Metal markets easier

By Our Commodities Editor

TIN PRICES fell back on the London Metal Exchange yesterday following a large rise in tin stocks—up by 615 tonnes to a total of 4,125 tonnes. Cash tin fell by £105 to £7,400 a tonne increasing its premium over the three months quotation to £95 to reflect the easier nearby supply situation.

There was a minimal fall in LME warehouse stocks of copper, which were only 75 tonnes down at a total of 114,375 tonnes. Cash wirebars closed £22.5 down at £1,306.5 a tonne in quiet trading conditions with no new fundamental supply-demand news. The New York market was closed.

Other metal markets were similarly depressed. Zinc lost ground, after last week's rise in spite of confirmation that most producers and smelters have now lifted their official European producer price from $780 to $825 a tonne.

Zinc stocks rose by 1,100 to 48,100 tonnes and aluminium by 2,725 to 33,275 tonnes. Lead stocks fell by 325 to 11,900; nickel by 30 to 5,390 tonnes and LME silver holdings by 890,000 to 12,530,000 ounces.

● No progress was made towards ending a strike at Britannia Metals' two lead refineries at Northfleet at a meeting yesterday, a union spokesman said.

Indian cotton output increase

NEW DELHI — Indian cotton production in the season year September 1979 to August 1980 is likely to be 8m bales against an earlier estimate of 7.8m, Agriculture Minister Rao Birendra Singh said.

With a carryover stock of 2.2m bales, 1979-80 availability thus is expected to be over 10m bales.

Reuter

Thai tin production up

THAILAND'S tin production last year rose to 46,364 tonnes of tin-in-concentrate from 41,210 tonnes the previous year, a natural resources department official said.

Thai tin exports last year also increased to 32,460 tonnes of tin metal compared with 28,229 tonnes shipped in 1978.

Reuter

GATT REPORT: FARMING

World output slowdown

BY BRIJ KHINDARIA IN GENEVA

A DROP in world agricultural output for first time since 1972 caused a slow down in the growth rate of total world production from 4 per cent in 1978 to 3 per cent in 1979.

In its annual report, published last Friday, the General Agreement on Tariffs and Trade (GATT), says world agricultural output fell last year for the second time in the post-war period following a 3 per cent growth in 1978. The estimated growth rate last year was about 1 per cent.

This decline stemmed mainly from a sharp fall in cereals production in Eastern Europe and the Soviet Union and a number of developing countries, particularly India.

The fall in agricultural output, in turn, caused an increase in world trade in agricultural goods because of higher purchases from surplus areas by regions in need. As a result, the volume of world trade increased by 7 per cent in 1979 compared with a 6 per cent rise in 1978. The value of world trade was $1,630bn last year.

In contrast with agricultural output, world output of manufactures rose by 5 per cent last year, the same rate as in the previous year, while mining output increased by 2 per cent, a slightly higher rate than in 1978.

World petroleum output increased by about 4 per cent compared with a 2 per cent growth in 1978.

World prices of agricultural and primary products rose much faster than those of manufactured good last year, in contrast with 1978, when manufactured goods prices had the upper hand.

According to a United Nations index, world prices of primary products, other than fuels, exported by industrialised countries rose by 17 per cent last year, compared with 10 per cent in 1978. Prices for such products exported by developing countries rose by 15 per cent compared with a 3 per cent fall in 1978.

Minerals and non-ferrous metals recorded the highest price increases of 23 and 20 per cent respectively last year, partly because of stockbuilding in Western Europe and Japan, and some supply shortages.

Agricultural output stagnated in developing countries as a whole and fell by 2 to 3 per cent per head where it was outstripped by population growth. This was mainly because of a steep fall in grain production stemming from poor weather conditions.

The volume of agricultural trade increased more slowly on average than that of manufactures between 1973 and 1979. The share of agricultural products in total world trade fell sharply between 1960 and 1973 from 32 to 19 per cent and was 16 per cent last year.

The prices of agricultural goods exported by both developing and industrialised countries rose slightly faster than prices of manufactures exported by industrialised countries between 1973 and 1979.

Agricultural price rises occurred because of slow growth in agricultural production per head of population and consequently increased import demand by developing countries and Eastern Europe for basic foods, especially cereals.

Other reasons for the price rises were supply shortfalls for tropical drinks, especially coffee and cocoa, and the improved competitive position of agricultural raw materials compared with man-made products because of sharp price increases for oil used as an input in the chemical industry.

Agricultural trade has continued to increase at a rate of about 4 per cent per year since 1960, the report says.

Aid sought for UK orchards

By Richard Mooney

BRITISH APPLE and pear growers should be protected from subsidised French imports either by equivalent promotional aid or by import controls, according to a National Farmers' Union special report published yesterday.

After an inquiry which used "scarlet pimpernel" methods to unearth secret information about the French industry, the NFU's Top Fruit Working Group concluded that special aids such as low interest loans, a "calamity" fund and an 80 per cent government contribution to the "Le Crunch" apple advertising campaign had created a "grossly unjust" market situation.

Lord Selbourne, chairman of the committee, said this sort of national assistance should not be given without EEC permission, which the French had not been granted. "The EEC is not protecting us from distortions of the market," he said.

Mr. D. I. Neuteboom, vice-chairman of the NFU apples and pears committee, estimated £3m a year would have to be spent on promotion to repair the damage done by the French campaign.

About £700,000 of this could come from the current levy on growers but the rest would have to come from the Government. Failing this, he said the industry would seek import controls to cut French shipments to Britain by a third.

Deals signed on grain contracts

WASHINGTON — The Commodity Credit Corporation said it signed agreements with 12 of 14 eligible grain exporters to assume contracts for up to 16m tonnes of corn, soyabeans and wheat which were not allowed to be shipped to the USSR.

The grain in the acquired contracts included 10.86m tonnes (427m bushels) of corn, 4.54m tonnes (167m bushels) of wheat, and 710,317 tonnes (26m bushels) of soyabeans.

Two exporters, Central Soya and Philipp Brothers Grain Corporation declined the government's offer to acquire their grain contracts with the USSR.

USDA said the 12 companies that accepted the government's offer are Bunge, Cargill, Continental Grain, Louis Dreyfus, Farmers' Export, Garnac Grain, Goodpasture Export, Pasternak/Baum, Pillsbury, Tidewater Grain, Alfred C. Toepfer, and Tradigrain.

USDA said the 16m-tonne total will be reduced by the amount needed to be shipped to reach the 8m tonnes of corn and wheat provided for under the U.S. grain supply agreement with the USSR.

USDA officials acknowledged that they face a number of difficult questions in deciding on the need for a paid diversion programme for the 1980 feed-grain crop and a possible higher loan rate for 1979-crop corn and wheat in the reserve.

They said the hardest questions cover estimating the yields for this year's corn crop and projecting Soviet grain import needs next year, both from the U.S. and from other nations.

If USDA adopts the paid diversion programme for corn and yields plunge to around 90 bushels an acre, then tight supplies would develop and criticism would emerge over rising meat and food prices. But if the department has no diversion programme and yields repeat around 109 bushels an acre, then criticism would surface from farmers and some Congressmen.

Australian wool stocks lower

WOOL STOCKS held by the Australian Wool Corp (AWC) fell further in December and January to about 133,000 bales from 165,000 at end of November and 995,000 at end of January 1979.

In its monthly perspective newsletter covering December and January, the AWC said most of the sales were from overseas stock.

The caution shown by Japanese garment manufacturers in response to slow consumer demand is now affecting the early stages of the wool processing pipeline.

The AWC noted the activity in this sector had for most of 1979 been relatively more buoyant than in the later stages of the year. But there had been no apparent improvement recently, it said.

Latest figures indicated that in January/November 1979, mill consumption of greasy wool and production of wool top were up 1.5 per cent and 7.4 per cent respectively on the corresponding period a year ago.

However, these improvements have been offset by stock increases along the processing pipeline.

Stocks of greasy and scoured wool at the end of November were up 22.1 per cent and 3.9 per cent respectively.

Japanese purchases of Australian wool in July/December 1979 totalled 353,500 bales, an increase of 19.5 per cent.

Australian wool prices reached their highest levels since March 1973 at this week's restricted auctions in Fremantle and Newcastle, the AWC said. The AWC whole clip indicator price closed the week at 433 cents a kilo clean, well above the 413 cent close of two weeks ago and the season's previous record of 415 cents.

Australian wool sales have been severely curtailed in recent weeks by the strike action of storemen over a pay dispute.

● All Australian wool sales scheduled for next week have been cancelled after storemen in some centres walked out again, an Australian Wool Buyers Council spokesman said.

Reuter

Call for more UK forest planting

BY RICHARD MOONEY

FOREST planting in the UK must be stepped up dramatically if a serious and expensive shortfall in timber supplies by the end of this century is to be avoided, according to a report published today.

With a world shortage forecast, timber prices are likely to rise 30 per cent in real terms by the year 2000, warns the report, prepared by the Centre for Agricultural Strategy at the University of Reading.

It calls for quick and sustained action in the UK to improve forest yields and to plant new areas of forest.

In 1978 Britain imported 92 per cent of its timber needs at a cost of £2.37bn and even if the maximum feasible planting rate was achieved, the report says it would still be supplying only half of its own needs by the year 2030.

"Membership of the Common Market does little to ensure supplies as the Community also relies on imports for more than half its current consumption," it adds.

The report stresses the urgent need to step up afforestation now because of the long interval between planting trees and harvesting the timber.*

The report brought an immediate angry response from environmentalists. "National parks, designated areas of outstanding natural beauty and common land are all threatened by the report's proposals," said the Council for the Protection of Rural England.

Mr. Christopher Hall, director of the council, said the "maximum planting programme" would bring an area roughly the size of Cumbria, Devon and Northumberland combined under afforestation over the next 50 years.

He said it was essential that large-scale afforestation be brought under the normal process of planning control rather than simply be referred to advisory committees of the Forestry Commission.

"With the advocates of more afforestation propagandising on this scale," said Mr. Hall, "detailed and rigorous control of where new plantation is permitted becomes crucial."

But the report was welcomed by the Timber Growers' Organisation, which saw it as "the most comprehensive summary of British forestry yet produced."

Mr. Michael Harley, the TGO president, said planting more trees would improve the environment by renewing landscape developed by previous generations.

He said the need for the Government to show confidence in forestry as an industry was the single most important point.

*A Forestry Strategy for the UK, price £8.50.

Manila looks at U.S. food ban

MANILA—The Philippine trade ministry will examine the effect of the U.S. food embargo against the Soviet Union on depressed world coconut product prices, the ministry has said.

The ministry will also explore ways to protect coconut prices and examine whether the current glut of soyabeans on the world market had adversely affected the price of coconut products.

In the U.S. last week, sellers were quoting coconut oil at 38 cents a pound cif and buyers at 37½ to 37 cents against an average price of 44 cents a pound about three weeks ago.

Philippine coconut production in 1980 is expected to decline to 2.19m tonnes from the 1979 preliminary production figure of 2.24m tonnes, copra terms, the United Coconut Association of the Philippines said.

Production in 1978 was 2.95m tonnes. Exports in 1978 totalled 2.5m tonnes in copra terms, and about 1.88m tonnes in 1979, the association said.

If domestic consumption holds at around 400,000 tonnes, an estimated 1.8m tonnes will be available for export this year, it added.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on the London Metal Exchange. The sharp decline on U.S. markets on Friday saw forward metal come under pressure from the outset with the price dipping from £1,330 to £1,313. However, the absence of any significant stop-loss selling encouraged fresh buying demand from the trade and the price picked up, aided by good interest for cash material, to close the afternoon Kerb at £1,325. Turnover: 19,650 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1311-3	—32.5	1306-7	—22.5
3 months	1336.5	—35.5	1324-5	—21.5
Settlem't	1313	—32	—	......
Cathodes				
Cash	1267-60	—32.5	1257-60	—18
3 months	1290-1	—33	1291-4	—15
Settlem't	1260	—32	—	......
U.S. Prod	—	......	*168-46	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,306, 8, 9, 10, 12, three months £1,322, 20, 22, 23, 21, 22, 19, 18, 17, 18, 23, 24, 25, 26. Cathodes, three months £1,291. Kerb: Wirebars, three months £1,328, 25, 26. Afternoon: Wirebars, three months £1,328, 25, 24, 23, 22, 24, 25, 24. Kerb: Wirebars, three months £1,324, 25, 26, 27, 28, 25.

TIN—Easier. Lacking a lead from Penang, which was closed, forward metal opened lower at £7,520 and drifted in subdued trading to close the afternoon Kerb at £7,490, reflecting persistent hedge selling and a larger than expected rise in stocks. Turnover: 1,250 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7420-30	+35	7390-410	—105
3 months	7500-20	+42.5	7490-510	—60
Settlem't	7430	+35	—	......
Standard				
Cash	7420-30	+35	7390-410	—106
3 months	7500-10	+42.5	7490-500	—60
Settlem't	7430	+35	—	......
Straits E.	†$2211	......		......
New York	—	......		......

Morning: Standard, cash £7,430, 20, 15, 10, three months £7,520, 7,500. Kerb: Standard, three months £7,500. Afternoon: Standard, three months £7,500, 10, 05, 7,500. Kerb: Standard, three months £7,500.

LEAD—Marginally easier in quiet trading with forward metal moving between £492 and £497 prior to closing the afternoon Kerb at £496. Turnover: 5,475 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	506-7	+1.5	501-2	—4
3 months	495-6	+2	495-4	—1.5
S'ment	507	+1		......
U.S. Spot			*50	......

Morning: Cash £505, 6, 6, 7, 6. Three months £492, 91, 95, 96. Kerb: Three months ...

L.G. Index Limited 01-351 3466. Oct.-Dec. Rubber 98.6/99.3
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 463-468 (+3)

COCOA

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1451-52	+5.5	1453-45
May	1472-73	—1.0	1477-67
July	1488-90	+5.5	1490-80
Sep	1500-05	+4.0	1505-483
Dec	1551-35	+8.0	1556-26

Ceylons were fully firm. Price indications for the week: Quality 132p per kilo (137p), Medium 114p (114p), Plain 61p (63p).

RUBBER

The London physical market opened quiet, remained so throughout the day, and closed on a steady note, Lewis and Peat reported. The Malaysian market was closed for the Chinese New Year.

PRICE CHANGES

In tonnes unless otherwise stated.

EUROPEAN MARKETS

ROTTERDAM, February 15.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $196, March $198. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $195, March $197. U.S. No. 2 Northern Spring, 14 per cent, Feb. $203, March $206, April-May $196, May-June $196, June-July $199, July-Aug. $201.

Maize—U.S. No. 3 Corn Yellow afloat $130, Feb. $130, March $134, April-June $140, July-Sept. $145.50, Oct.-Dec. $149.

Soyabeans—U.S. Two Yellow Gulfports Feb. $267, March $269, April $274.75, May $277.50, June $284.50, July $286.25, Aug. $290, Sept. $292.75, Oct. $295, Nov. $294, Dec. $300.75, Jan. $304.50, Feb. $312, March $313.75. Brazil Yellow Faq. unquoted. Argentine May $277, mid-June/mid-July $280.50, July $283, Aug. $286.

Soyameal—44 per cent protein U.S. afloat $238.50, Feb. $237.50, March-April-May-June $237, April-Sept. $240, Nov.-March $250. Brazil Pellets Feb. $254, March $244, April-May $241, April-Sept. $246.50.

PARIS, February 18.

Cocoa (FFr per 100 kilos)—March 1345-1350, May 1351-1355, July 1370, Sept. 1375-1395, Dec. 1380-1395, March 1385-1405. Sales at call 3.

Sugar (FFr per 100 kilos)—March expired, May 2432-2440, July 2440-2470, Aug. 2455-2460, Oct. 2470, Nov. unquoted, Dec. 2470, March 2470, May 2485. Sales at call 11.

AMERICAN MARKETS

NEW YORK, February 18.

U.S. Commodity futures market in Chicago and New York were all closed yesterday for Washington's birthday holiday.

WINNIPEG, February 18. §Barley—March 112.90 (112.90), May 114.30 (114.30), July 114.10, Oct. 110.60, Dec. 109.80.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 231.25 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. dozen.

INDICES

FINANCIAL TIMES

Feb. 15	Feb. 14	M'nth ago	Year ago
309.26	309.88	301.77	268.63

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Feb. 15	Feb. 14	Month ago	Year ago
Spot	459.71	467.30	426.66	382.56
F'tur's	468.04	470.88	435.79	381.06

(Average 1924-25-26=100)

MOODY'S

Feb. 18	Feb. 14	M'nth ago	Year ago
1447.5	1459.7	1515.2	1045.7

(December 31, 1931=100)

REUTERS

Feb. 18	Feb. 14	M'nth ago	Year ago
1821.2	1825.1	1764.8	1547.0

(Base: September 18, 1931=100)

ZINC

ALUMINIUM

NICKEL

SILVER

COFFEE

GRAINS

SOYABEAN MEAL

SUGAR

WOOL FUTURES

COTTON

TEA AUCTION

MEAT/VEGETABLES

ICI strength helps equity leaders to resist extension of Friday's decline and some close marginally higher

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 11	Feb. 21	Feb. 22	Mar 3
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar 31

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

After looking set in the early trade to extend Friday's marked downturn, equity markets resisted the continuing effects of that day's depressing pointers. Institutional activity was almost non-existent, but despite remaining worries about the sharp deterioration in January's balance of payments, the fresh upturn in the inflation rate and the still-troubled UK industrial scene, sufficient interest was forthcoming from small investors and a few professional operators to stabilise the market.

Much of the business yesterday centred on ICI, which it is hoped will report increased revenue from the North Sea Ninian Field when the preliminary statement is announced on Thursday of next week. The rise of 12 to 400p in ICI encouraged other leading industrials to pick up from slightly lower prices to Friday's closing levels.

The exception was the Engineering sector where sentiment was unsettled by the Employers' Federation's gloomy predictions and losses ranged to 4p or so. Enthusiasm for recent speculative high-fliers, particularly in Oils and Electricals, was dampened by Friday's shake-out and business was much reduced by recent standards.

The FT 30-share index showed a loss of 2.1 at the first calculation but, charting the emerging resilience of the leaders, the fall had been reduced two hours later to minimal proportions. Only 0.1 off throughout the afternoon, the index improved after-hours to close with a marginal rise of 0.4 to 463.0.

Business in Gilt-edged securities was also in low key. This market also had to contend with the prospect of higher U.S. interest rates and opened at the lower levels recorded in Friday's late trade. A little more ground was lost by longer-dated stocks, but this was eventually recovered and the losses, usually between ¼ and ⅜, were being further reduced in dealings after the official close. The shorts put on an even better performance to end slightly better on balance after having been around ⅛ down.

Demand for Traded options dropped and only 348 deals were arranged, the lowest since early January. Mining issues were relatively active however with RTZ and Cons. Gold Fields recording 73 and 67 trades respectively.

Home banks steady

The major clearing banks trended firmer in quiet trading ahead of the dividend season which begins on Friday with the announcement of Lloyd's annual results. Gains of 3 were common to Barclays, 448p, Midland, 368p, and NatWest, 368p, but Lloyds reverted to Friday's closing level of 310p, after 308p. Among Merchant Banks, Rea Brothers firmed 7 to 85p in sympathy with the recent rise in Furness Withy.

Insurances presented a mixed picture. Life issues registered modest gains, but Composites were inclined easier where changed. Among Brokers, C. T. Bowring put on 4 to 137p, after 138p, on hopes of an increased offer from Marsh McLennan.

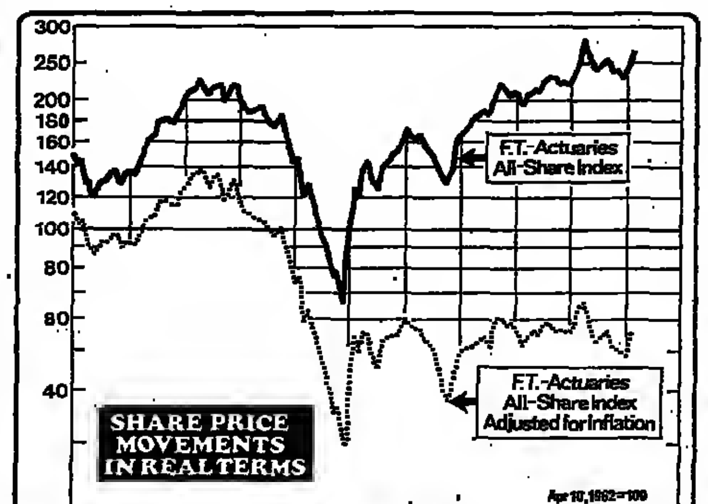
Leading Breweries attracted a reasonable two-way trade and finished a shade firmer on balance. Regional issues also tended to higher levels. Vaux picked up 3 at 150p, while Wolverhampton and Dudley recovered from an early 293p to close a penny better on balance at 296p. Home Brewery, 355p, rose 7 in a thin market for a two-day gain of 19, but Davenports lost 4 at 148p.

Buildings traded with an easier bias. Lack of support left Blue Circle 2 cheaper at 304p with Armitage Shanks similarly lower at 100p in sympathy. Adverse Press comment clipped 4 from Montague L. Meyer to 94p, while Magnet and Southerns eased 5 to 165p and May and Hassell shed 2 to 82p. Gough Cooper also eased 2 to 82p on small selling, but John Mowlem added that much, to 105p, following favourable Press comment. A. Monk closed 3 down at 44p, after 42p, and Wilson (Connolly) gave up 4 to 200p, the latter in a thin market. Mixconcrete, on the other hand, picked up 2½ to 85p on Irish buying, while renewed support lifted Aberthaw Cement 6 to 146p. Still reflecting the interim statement, Rohan added 5 more to 90p.

Buying ahead of the annual results due next week prompted a gain of 12 to 400p in ICI. By contrast, Fisons fluctuated narrowly before reverting to Friday's close of 289p, while Laporte eased 3 to 107p. Small selling in a thin market left Dixor-Strand 4 cheaper at 20p. Coalite shed 3 to 103p, but International Paint added that much, to 78p.

Ernest Jones good

Stores made a firm showing and closed around the day's best. Debenhams, a dull market recently, recovered 4 to 83p while Mothercare rose a similar amount to 218p. Burton added 5 to 112p, but British Home Stores finished 3 off at 269p after profit-taking.



Away from the leaders, speculative attention was again directed towards Lee Cooper, 7 up at 292p, while Press comment lifted Aquascutum A 2½ to 37p. Jewellers Ernest Jones improved 6 to 198p in front of today's preliminary results, but Martin Ford, 30p, and Martin The Newsagent, 188p, both lacked support and shed 3 and 5 respectively. In Shoes, Ward White, 72p, and Wearra, 41½p, both added a few pence following favourable Press comment, while interest was also shown in George Oliver A, 7 better at 122p.

There was a noticeable lessening of interest in the Electrical sector after last week's burst of activity based on rationalisation hopes. Among the leaders, fresh support lifted Racal 8 more to 215p, with Decca improving 10 to 605p and the A 15 to 505p in sympathy. GEC were also in demand and put on 6 to 381p, while Plessey firmed 3 to 139p.

Among secondary issues, Ferranti, a recent take-over favourite, reacted 5 more to 495p, but United Scientific firmed 3 to 473p helped by the chairman's remarks on the profits outlook. C. H. Scholes, good of late, reacted 7 to 238p.

Already overshadowed by the steel dispute, leading Engineers were further unsettled by the gloomy forecast on the outlook for the industry made by the Engineering Employers' Federation. Vickers, additionally affected by adverse Press mention, eased 4 to 126p. GKN fell a similar amount to 263p, while Hawker eased 3 to 182p. Secondary issues encountered selective selling, but overall conditions were relatively steady. Simon Engineering were noteworthy for a loss of 6 to 240p. Alcan Aluminium continued to reflect the reduced dividend and profits and gave up 5 more to 95p, with British Aluminium easing 7 to 243p in sympathy. Birmid Qualcast remained on offer and eased 1½ more to 42½p.

The Food sector was inclined easier where changed as buyers held off. Falls of a couple of pence was common to Associated Biscuit, 86p, Tate and Lyle, 170p, and J. Sainsbury, 288p, but Lennons added that much, to 39p, after 40p, the last-named following favourable Press comment. Elsewhere, R. Paterson attracted increased interest and firmed a penny to 33p.

Ladbroke put on 2 to 154p, following acquisition of Intersection Hotels for £2.6m cash. Elsewhere in Hotels and Caterers, Norfolk Capital eased a penny to 41p awaiting today's annual results.

Metal Box down

Press comment highlighting a broker's circular estimating the effects of the steel strike on the company's profits prompted dullness in Metal Box which gave up 6 to 248p. Other leading miscellaneous Industrials rarely strayed far from opening levels and final movements were limited to a few pence either way. Elsewhere, Wedgwood responded to the third-quarter figures with a gain of 4 to 69p, but Gestetner A reacted that amount to 73p following remarks in the annual review to the effect that margins remain under pressure and that current profits are lower than in the corresponding months of last year. Cawoods encountered further profit-taking and gave up 6 to 178p, while similar falls were marked against British Vita, 170p, and Extel, 162p. Steetley eased 4 to 202p and Dundonian ran back 3 further to 50p, but Press mention stimulated occasional demand for Denbyware, 3 to the good at 107p. Dealings were temporarily suspended in Dunbee-Combex at 22p at the request of the company pending a statement.

Motor sectors lacked a decided trend. In Distributors, Hartwells fell 3 to 77p, while Kennings eased 1½ to 67p. Adams and Gibbon, on the other hand, rose 3 to 86p after further consideration of the annual results. The gloomy future predicted for the engineering industry unsettled selected Components; Dowty shed 3 to 186p, while Associated Engineering fell 3½ to 68½p, but Blnemel found late support and ended 4 better at 59p.

Leading Properties regained a certain amount of composure after Friday's shake-out. Land Securities, at 295p, recouped 5 of that day's fall of 14, while MEPC hardened a penny to 196p. Haslemere Estates picked up 4 to 288p, while Berkeley Hambro added 3 to 188p and Stock Conversion a couple of pence to 370p. Selected secondary issues attracted support with Mountview Estates notable for a gain of 4 at 129p. Greycoat Estates and London and Provincial Shop added 2 apiece to 122p and 278p respectively, while Warnford Investments improved 5 to 390p.

Burmah advance

Conditions in the Oil market became much quieter. Trending easier initially, the majority of quotations ended the day with small gains on balance. Burmah, however, encountered late speculative support and finished 10 to the good at 212p, while further speculative interest in an extremely difficult market lifted Caledonian Offshore 170 to 310p. Elsewhere in secondary issues, Siebens (UK) finished 6 harder at 736p and Tricentrol 8 to the good at 300p. In the leaders, BP fluctuated narrowly before settling a few pence harder on balance at 400p and Shell closed 4 dearer at 372p.

Apart from Stag Line, up 16 at 166p in a restricted market, Shippings trended easier. P. and O. Deferred eased 2 to 117p and Reardon Smith were a similar amount cheaper at 68p.

Textiles were featured by Nottingham Manufacturing which announced higher full-year profits and dividend and rose 6 to 85p.

Guthrie rose 15 to 825p after suggestions of a pending share split. Elsewhere among firmer Plantations, bid hopes lifted Castlefield 27 to 550p, while Sogomana added 10 to 465p.

Quiet mines

It was a much quieter day in mining shares. A sharp decline in overnight domestic market prompted heavy profit-taking in Australians.

The recent high-flyers Samantha Exploration and Otter Exploration fared badly with the former 15 down at 148p and the latter 18 cheaper at 125p.

Among the base-metal issues, Conzinc Riotinto dropped 13 to 322p, North Broken Hill 10 to 188p, and MIM Holdings 5 to 292p.

The Rundle oil-shale partners came under pressure with Central Pacific a point off at £23 and Southern Pacific 50 down at 875p.

The only bright spots in the section were the Magnet Metals group of companies. Heavy American buying late on Friday spilled over into early trading yesterday and Magnet shot up to 68p before closing 19½ higher at 62p; the shares were reported to have touched the equivalent of 87p in the U.S. on Friday.

Magnet's associates Monarch Petroleum and Lennard Oil also attracted sizeable speculative support; Monarch put on 7 to 39p and Lennard 19 to 96p.

London-based Financials relinquished early gains on renewed profit-taking. Gold Fields closed 2 harder at 516p, after 523p, while Selection Trust closed 5 off at 780p, after 790p, and Rio Tinto Zinc 2 cheaper at 458p, after 468p.

South African Financials showed a similar pattern. Sharply higher earnings and increased dividends failed to inspire Union Corporation, 5 easier at 685p, and General Mining unchanged at 920p.

In Platinums, Impala rallied from 308p to close 2 better on balance at 312p following the almost doubled profits and increased dividend.

South African Golds drifted throughout the day on lack of interest. The Gold Mines index gave up 2.3 more to 347.4.

West Rand Consolidated remained a firm market, however, as Johannesburg buying lifted the shares 23 more to 380p, after a 1979-80 high of 392p.

FINANCIAL TIMES STOCK INDICES

—	Feb. 18	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 11	A year ago
Government Secs.	65.80	66.02	66.97	67.05	66.10	66.39	65.92
Fixed Interest	66.74	67.07	67.84	67.40	66.85	67.09	66.44
Industrial	463.0	462.6	475.9	476.8	469.5	469.8	460.5
Gold Mines	347.4	349.7	358.3	363.8	352.5	357.5	180.1
Ord. Div. Yield	7.17	7.18	7.01	6.92	7.05	7.02	6.17
Earnings, Yld. % (full)	17.63	17.66	17.22	17.06	17.34	17.31	16.11
P/E Ratio (net) (*)	6.96	6.94	7.11	7.18	7.07	7.08	8.05
Total bargains	18,919	24,628	27,606	26,561	27,574	28,019	—
Equity turnover £m	—	145.06	198.07	184.04	555.39	117.47	65.32
Equity bargains total	—	21,188	22,686	19,198	21,966	18,353	14,173

10 am 460.5. 11 am 461.0. Noon 461.8. 1 pm 462.5. 2 pm 462.5. 3 pm 462.5.

Latest Index 01-246 8026.

*Nil=6.69.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (19/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.75 (6/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	350.4 (28/1/80)	129.9 (17/4)	443.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 18	Feb. 15
—Daily		
Gilt Edged	130.1	111.7
Industrials	118.4	144.9
Speculative	58.9	31.7
Totals	84.5	102.5
5-d'y Av'r'ge		
Gilt Edged	120.7	121.6
Industrials	143.8	150.4
Speculative	96.0	99.3
Totals	103.8	108.8

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (24)

BANKS (1)
HK & Shanghai
BUILDINGS (4)
Aberthaw Cement, Newarthill, Mixconcrete, Rohan
STORES (1)
Lee Cooper
ELECTRICALS (1)
Decca A
ENGINEERING (1)
British Steam
INDUSTRIALS (3)
AGA AB, Jourdan (T.), Diploma
NEWSPAPERS (1)
Bristol Post
PAPER (1)
Ferry Pickering
SHIPPING (1)
Fisher (J.)
SOUTH AFRICANS (2)
Anglo Am. Inv., Greatermans A.
TEXTILES (1)
Nova (Jersey)
TRUSTS (1)
Akroyd & Smithers
OIL & GAS (1)
Magnet Metals
OVERSEAS TRADERS (1)
Nesco Invs.
MINES (4)
West Rand, Sentrust, Jo'burg Consld., U.C. Invs.

NEW LOWS (14)

AMERICANS (2)
Citicorp, Morgan (J. P.), Colgate-Palmolive, Richardson Merrell
CANADIANS (1)
Bank of Montreal
CHEMICALS (1)
Dixor-Strand
STORES (3)
Ford (Martin), Selincourt, Martin The Newsagent
ELECTRICALS (1)
Concord Rotaflex
ENGINEERING (1)
Habit Precision
INSURANCE (1)
Taisho Marine
MOTORS (1)
Henlys

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	375	40	1	—	—	—	—	397p
BP	400	24	6	—	—	—	—	
BP	420	—	—	39	—	44	—	
BP	440	12	17	—	—	—	—	
Cons. Gold	420	106	10	128	—	—	—	516p
Cons. Gold	500	42	32	68	—	90	—	
Cons. Gold	550	20	25	42	—	64	—	
Courtaulds	70	10	—	15	—	—	—	77p
Courtaulds	80	4½	—	7½	—	—	—	
GEC	390	22	6	40	—	53	—	379p
GEC	420	11	3	—	—	[illegible]	—	
Grand Met.	130	11	—	17½	—	25	10	132p
ICI	360	41	3	61	—	70	—	396p
ICI	390	25	11	42	—	50	—	
ICI	420	14½	46	28	—	36	—	
Land Secs.	260	45	10	54	—	66	—	295p
Marks & Sp.	70	23	5	25	—	—	—	89p
Marks & Sp.	90	8	1	12½	—	14½	—	
Marks & Sp.	100	4½	6	8	—	10½	[illegible]	
Shell	360	33	1	46	2	52	—	368p
Shell	390	18	36	28	—	38	—	
Totals			218		5		18	
		February		**May**		**August**		
EMI	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	158p
EMI	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imperial Gp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	83p
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	214p
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	458p
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			50		[illegible]		[illegible]	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	22	53	15
Corpns. Dom. and Foreign Bonds	1	24	41
Industrials	174	317	907
Financial & Prop.	55	135	[illegible]
Oils	14	16	17
Plantations	[illegible]	[illegible]	[illegible]
Mines	30	60	[illegible]
Others	32	60	[illegible]
Totals	372	691	1,372

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Feb. 18, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Feb. 15 Index No.	Thurs., Feb. 14 Index No.	Wed., Feb. 13 Index No.	Tues., Feb. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	244.72	−0.3	17.87	6.39	7.06	245.55	250.52	249.08	246.28	225.72
2	Building Materials (27)	237.39	−0.6	16.72	6.61	7.63	238.70	244.27	241.28	241.12	198.82
3	Contracting, Construction (29)	371.40	−0.2	25.34	6.53	4.89	372.20	375.33	369.28	369.22	332.75
4	Electricals (15)	632.70	+1.1	12.78	3.92	10.42	625.75	642.77	646.77	630.30	541.43
5	Engineering Contractors (11)	299.58	−1.4	24.72	8.54	5.15	303.86	306.54	302.88	300.84	341.65
6	Mechanical Engineering (74)	167.85	−1.4	20.47	7.77	6.06	170.27	173.75	171.86	169.88	174.80
8	Metals and Metal Forming (16)	165.67	−1.3	20.54	9.17	5.81	167.91	169.27	168.17	168.35	156.38
	CONSUMER GOODS										
11	(DURABLE) (50)	221.75	+0.3	16.12	5.51	7.66	220.99	222.98	224.22	223.79	206.77
12	Lt. Electronics, Radio, TV (15)	313.00	+0.8	12.29	4.12	10.44	310.64	312.17	314.80	313.22	270.67
13	Household Goods (14)	114.18	+0.6	26.42	9.60	4.56	113.45	114.85	113.73	113.98	159.15
14	Motors and Distributors (21)	111.23	−0.8	24.16	8.38	4.89	112.16	114.33	114.47	115.09	112.84
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	219.90	+0.3	18.43	6.96	6.69	219.34	225.14	224.61	221.33	208.12
22	Breweries (14)	257.86	—	17.33	6.78	6.77	257.55	262.21	259.63	256.01	222.63
23	Wines and Spirits (5)	292.39	+0.1	18.56	6.34	6.65	292.05	298.12	298.93	292.80	293.86
24	Entertainment, Catering (17)	304.67	+0.5	18.32	6.89	6.83	303.09	312.47	310.35	303.13	274.18
25	Food Manufacturing (19)	203.49	−0.1	19.90	7.16	6.22	203.62	208.78	208.83	206.70	197.54
26	Food Retailing (15)	301.95	—	13.76	4.97	8.68	302.09	308.22	304.66	302.32	232.28
32	Newspapers, Publishing (13)	450.01	—	22.43	6.68	6.09	449.85	455.30	450.58	449.67	376.93
33	Packaging and Paper (15)	131.52	−0.2	22.64	8.64	5.68	131.79	134.86	134.02	133.44	133.83
34	Stores (43)	216.17	+0.5	14.23	5.27	9.08	215.10	222.29	224.96	219.97	193.04
35	Textiles (23)	133.98	+1.0	27.48	12.12	4.60	132.70	134.43	134.22	132.97	170.42
36	Tobaccos (3)	208.16	+0.5	27.90	11.30	4.07	207.09	214.30	209.28	208.80	242.91
37	Toys and Games (6)	45.55	−1.5	35.93	15.72	3.51	46.23	46.42	43.37	42.83	90.28
41	OTHER GROUPS (97)	211.61	+0.2	15.04	6.42	8.05	211.23	215.44	214.41	211.73	195.51
42	Chemicals (17)	315.45	+1.9	15.58	6.39	7.41	309.46	314.46	317.88	313.29	283.29
43	Pharmaceutical Products (7)	213.88	−0.7	11.91	5.98	10.24	215.41	219.22	221.00	215.25	242.23
44	Office Equipment (6)	118.38	−0.7	17.86	6.90	6.51	119.22	123.10	122.02	120.55	123.83
45	Shipping (10)	479.44	−1.1	11.04	6.74	11.56	484.88	494.05	474.89	463.95	404.75
46	Miscellaneous (57)	248.71	−0.7	16.22	6.50	7.81	250.36	255.99	251.26	250.69	218.22
49	INDUSTRIAL GROUP (492)	231.50	+0.1	17.28	6.58	7.15	231.29	236.37	235.60	232.70	216.30
51	Oils (8)	804.15	+0.8	13.97	5.93	7.73	797.45	813.64	831.08	810.57	557.25
59	500 SHARE INDEX	276.64	+0.3	16.56	6.43	7.27	275.94	281.90	282.49	278.24	243.94
61	FINANCIAL GROUP (117)	198.98	+0.3	—	5.60	—	198.47	203.13	203.18	200.14	169.97
62	Banks (6)	232.32	+0.6	35.80	5.68	3.57	230.96	235.19	236.42	232.16	205.70
63	Discount Houses (10)	241.76	—	—	8.43	—	241.76	240.75	234.64	233.99	216.37
64	Hire Purchase (5)	178.42	+0.5	16.64	5.33	6.99	177.53	181.92	178.40	177.82	158.17
65	Insurance (Life) (10)	172.05	+1.1	—	6.11	—	170.15	176.53	176.86	172.90	127.05
66	Insurance (Composite) (9)	130.29	—	—	7.46	—	130.34	133.63	135.02	132.41	116.60
67	Insurance Brokers (10)	281.56	−0.4	17.54	6.97	0.19	282.67	287.68	287.22	288.36	302.92
68	Merchant Banks (14)	105.65	−0.1	—	5.73	—	105.75	106.46	105.75	106.13	76.74
69	Property (44)	361.56	+0.3	3.71	3.05	38.68	360.57	371.49	369.01	362.49	289.79
70	Miscellaneous (9)	134.31	−1.1	15.47	6.76	8.49	135.74	137.13	135.08	135.61	111.27
71	Investment Trusts (109)	231.91	−0.5	—	5.44	—	232.99	241.41	236.59	232.98	206.66
81	Mining Finance (4)	221.92	−0.2	10.39	3.98	11.69	222.35	224.26	230.07	220.35	120.04
91	Overseas Traders (20)	422.05	−0.6	11.87	6.38	10.34	424.47	436.51	437.34	427.82	320.60
99	ALL-SHARE INDEX (750)	260.02	+0.2	—	6.15	—	259.55	265.40	265.72	261.45	224.64

FIXED INTEREST PRICE INDICES

	British Government	Mon., Feb. 18	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	99.61	+0.16	0.33	2.10
2	5-15 years	103.52	−0.21	—	2.80
3	Over 15 years	108.25	−0.37	0.58	1.53
4	Irredeemables	128.97	−0.21	—	0.90
5	All stocks	103.65	−0.16	0.33	1.87

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon., Feb. 18	Fri., Feb. 15	Year ago (approx.)
1	Low Coupons	5 years	13.08	12.96	10.41
2		15 years	12.77	12.69	12.14
3		25 years	12.77	12.69	12.96
4	Medium Coupons	5 years	15.04	15.87	13.31
5		15 years	14.37	14.31	13.63
6		25 years	14.37	14.31	13.63
7	High Coupons	5 years	15.18	15.18	13.58
8		15 years	14.70	14.64	14.28
9		25 years	14.43	14.57	14.18
10	Irredeemables		11.52	11.50	12.66

		Mon., Feb. 18 Index No.	Yield %	Fri. Feb. 15	Thurs. Feb. 14	Wed. Feb. 13	Tues. Feb. 12	Mon. Feb. 11	Fri. Feb. 8	Thurs. Feb. 7	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	51.06	14.49	51.10	51.18	51.25	51.18	51.28	51.79	51.58	51.26
16	Investment Trust Prefs. (15)	48.29	14.98	48.20	47.85	47.66	47.77	47.82	47.82	47.82	48.31
17	Coml. and Indl. Prefs. (20)	61.70	14.61	61.71	61.81	61.87	61.80	61.86	61.76	61.83	67.76

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
ICI	£1	9	400	+12	415	314
Racal Electronics	25p	8	215	+ 8	276	168½
RTZ	25p	8	458	− 2	492	226
BAT Inds.	25p	6	235	—	362	230
Brit. Home Stores	25p	6	269	− 3	293	172
European Ferries	25p	6	117	− 1½	183	92
GEC	25p	6	381	+ 6	456	311
Spring Grove	10p	6	87	− 3	90	68
Sunlight Services	10p	6	61	− 1½	64	32
Cons. Gold Fields	25p	5	516	+ 2	617	178
Debenhams	25p	5	83	+ 4	98	59
Decca A	25p	5	505	+15	505	230
Furness Withy	£1	5	377	—	400	218
Land Securities	50p	5	295	+ 5	323	241
Shell Transport	25p	5	372	+ 4	402	278

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 18	Feb. 29	May 9	Jun. 9
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7

For rate indications see end of Share Information Service

Money was given for the call in Coral Leisure, Premier Oil, KCA, RTZ, Carpets International, BSR, National Carbonising, Trafalgar House, Debenhams, Lonrho, Bambers, Woodside, Western Areas, Charterhall, Hawtin, Racal, FNFC and Burmah. No puts were reported, but doubles were transacted in Town and City, Charter Cons., RTZ, ICI, Burmah, Shell Transport and Ladbroke Warrants.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
663	F.P.	20/2	415	341	B.P. New	396	+2	[illegible]	[illegible]	[illegible]	[illegible]
£1	F.P.	31/1	105	100	Child Health Res'ch	101		[illegible]	[illegible]	[illegible]	[illegible]
180	F.P.	7/3	108	98	Emess Lighting	106		[illegible]	[illegible]	[illegible]	[illegible]
10	F.P.	—	11	8	Keep Inv. Trust 5p	10½					
‡‡	F.P.	7/3	88	74	Lon. Merc't Secs. Defd.	74		[illegible]	[illegible]	[illegible]	[illegible]
III	F.P.	—	27	22¼	Wereldhave NV DFl.20	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	37p	34p	Aurora 3.85% Cum. Pref.	36½p	[illegible]
£120	F.P.	[illegible]	[illegible]	[illegible]	[illegible] Cum. Prf.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	96	94	Felixstowe Dock 8¾% Cum Red Pref.	94	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hewitt (J.) 10% Cum. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rk'm'nw'h & Uxbridge Var. [illegible]	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Bank of Montreal	10½pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Edwards (Louis C.)	35pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Elson & Robbins	35pm	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	630	[illegible]
[illegible]	Nil	[illegible]	46pm	20pm	Hanimex Corp.	90pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Paringa	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Premier Cons. Oilfields	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Rand London Coal Units	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.9	52.7	-0.5	1.93
Abbey Capital	36.4	39.4	-1.4	5.60
Abbey General	47.6	50.9	-1.8	5.78
Abbey Gilt & F.I. Tst.	99.1	105.6	-1.3	4.74
Abbey Income	41.9	45.2	-1.2	8.45
Abbey Intl. Bd. Tst.	92.1	97.1	.....	5.66
Abbey Inv. Tst. Fnd.	38.8	41.9	-1.2	5.57
Equitas Prog. Trust	71.0	76.8	-0.2	5.66

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	90.3	95.1	.....	13.01

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	78.6	84.3	-0.3	5.71
Brit. Inds. Fund	70.1	75.0	-0.5	6.00
Growth & Income	41.9	44.8	-0.2	5.63
Elect. & Ind. Dev.	38.5	41.2	-0.2	5.10
Allied Capital	78.4	83.9	-0.2	5.24
Hambro Fund	124.9	128.3	-0.3	5.73
Hambro Acc. Fund	146.3	156.5	-0.4	5.37
Income Funds				
High Yield Fd.	69.3	74.2	-0.4	9.97
High Income	72.5	77.6	-0.5	7.60
A. H. Eq. Inc.	41.6	44.5	-0.2	7.84
International Funds				
International	29.6	31.7	.....	3.42
Pacific Fund	46.9	50.2	-0.1	2.46
Secs. Of America	61.1	65.4	-0.1	2.14
Specialist Funds				
Smaller Co.'s Fd.	48.4	51.8	-0.2	4.54
2nd Smlr. Co's Fd.	58.2	62.3	-0.2	4.57
Recovery Sits.	116.1	124.2	-0.5	6.24
Met. Min. & C'dty.	62.1	66.4	+0.1	4.44
Overseas Earnings	60.2	64.4	-0.1	5.28
Exempt Funds				
Far East Exempt	54.4	56.6	.....	3.13
Smaller Co. Exempt	75.0	70.8	-0.2	4.95
U.S.A. Exempt	108.3	112.6	-0.5	3.11

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	58.3	62.8	.....	5.44

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	150.0	159.0	.....	12.40

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	48.2	[illegible]	-0.2	11.23
(Accum. Units)	70.9	77.1	-0.3	11.23
Extra Income Fd.	97.7	[illegible]	-0.2	10.97
(Accum. Units)	105.8	[illegible]	-0.2	10.97
High Inc. Fund	36.7	[illegible]	.....	11.09
(Accum. Units)	57.5	[illegible]	.....	11.09
(8½% W'drwl. Uts.)	49.5	[illegible]	.....	21.01
Preference Fund	21.6	[illegible]	.....	14.10
(Accum. Units)	38.4	[illegible]	.....	14.10
Capital Fund†	24.7	[illegible]	+0.5	—
Commodity Fund ***	86.6	94	.....	2.97
(Accum. Units)	131.0	142	.....	2.97
(10% W'drwl.U.)	69.3	75	.....	2.97
Fin.&Prop.Fd. **	20.4	[illegible]	.....	4.95
Giants Fund	38.3	41.3	-0.2	4.15
(Accum. Units)	48.0	51.8	-0.1	4.15
Growth Fund	35.7	38.5	-0.3	2.28
(Accum. Units)	45.2	48.8	-0.2	2.28
Smaller Co's Fd *	29.9	32.5	.....	4.69
Eastern & Intl. Fd†	30.0	32.7	-0.6	1.00
(6% W'drwl.Uts.)	21.9	23.9	-0.5	1.00
Foreign Fund **	104.6	113.8	.....	1.54
N. Amer. & Int. Fd††	32.1	34.9	.....	1.00
Gilt & Fixed Int. *	40.4	44.3	.....	6.07
(Accum. Units)	41.4	45.4	.....	6.07

Dealings: †Tues. *Weds. ††Thurs. **Second Thurs. in month. ***Weekly dealing day Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	103.2	111.0	.....	5.49

Prices at Feb. 14. Next sub. day Feb. 21.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	31.0	33.3	-0.1	2.01
Do. Aust. Acc.	112.6	121.0	-0.7	1.50
Do. Aust. Inc.	86.8	93.3	-0.5	1.50
Do. Capital	74.1	79.6	-0.2	5.35
Do. Exempt Tst.	119.4	124.3	-0.9	6.85
Do. Extra Income	29.8	32.2	-0.1	9.05
Do. Financial	86.9	93.4	-0.1	4.05
Do. 500	86.5	93.0	-0.4	4.60

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Feb. 8	210.2	224.2	.....	5.31

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.7	19.6	.....	5.92
Gt. Winchester O'seas	20.8	23.1	.....	2.38

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	79.4	83.5	.....	4.71

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.6	28.1	+0.2	1.00
Fixed Interest	25.4	26.8	.....	12.1
Growth + Income	29.1	30.7	-0.2	7.80
Special Sits.	29.4	31.0	-0.2	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	29.2	31.4	.....	2.33
Accum. Units	35.4	38.1	.....	2.33
J. Finlay High Income	34.3	36.9	.....	9.36
J. Finlay Euro.Fin.	23.1	24.8	.....	3.41
Accum. Units	28.5	30.7	.....	3.41
J. Finlay Fd.In.Tst.	33.5	36.0	.....	5.28
Accum. Units	40.4	43.5	.....	5.28

Prices on February 13. Next dealing February 20.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	53.0	56.8	-1.0	1.28
American Turnaround	53.2	56.4	-0.4	2.00
Capital Tst.	55.6	58.0	-0.2	4.68
(Accum. Units)	54.6	58.0	-0.2	4.68
Extra Income Trust	48.4	51.4	-0.3	10.02
Income Tst.	38.2	40.6	-0.2	8.20
Int. Growth Fd.	44.6	47.4	-0.2	2.12
(Accum. Units)	47.2	50.2	-0.2	2.12

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	44.8	53.2	-0.4	4.78
Do. Accum.	68.6	73.3	-0.6	4.78

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 14	122.4	122.9	.....	4.72
Gross Inc. Feb. 14	77.6	81.4	.....	10.81
High Yield Feb. 14	90.5	93.5	.....	9.66

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	122.4	130.2	.....	2.90
Do. Acc.	153.9	163.7	.....	2.90
G.T. Inc. Fd. Un.	190.4	202.9	.....	7.40
G.T. U.S. & Gen.	158.2	168.2	.....	2.00
GT Wld. Bd. Fd.	96.8	99.5	.....	5.60
G.T. Japan & Gen.	74.1	78.4	.....	2.60
♦Gt. Pens.Ex.Fd.	265.9	279.1	.....	2.42
G.T. Int'l Fund	208.0	221.2	.....	1.30
G.T. Four Yds. Fd.	53.4	56.8	.....	7.80
G.T. Far East & Gen.	57.4	61.7	.....	2.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	37.5	40.1	-0.2	5.19

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	28.8	30.9	-0.3	0.81
British Tst. (Acc.)	63.8	68.6	-0.5	4.28
Commodity Share	42.0	45.2	-2.5	2.82
Extra Income Tst.	23.7	25.5	-0.1	9.20
Far East Trust	36.4	39.1	-0.2	2.74
High Income Tst.	56.4	60.1	-0.3	10.04
Income Fund	77.6	83.5	-0.4	7.05
Ins. Agencies	15.60	16.60	-0.09	4.37
Intl. Exempt Fd.	97.5	106.1	-0.6	6.77
Intl. Tst. (Acc.)	36.5	39.2	-0.4	1.10
Special Sits. Tst.	29.6	31.2	-0.2	2.59

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	28.7	31.2	.....	10.00
Income	42.7	46.5	.....	9.40
Accumulation	76.8	83.5	.....	3.90
Growth	44.7	48.6	.....	4.40
UK Mkt. Leaders	47.8	52.0	.....	4.30
Small Co's	41.7	45.4	.....	5.60
Technology	66.3	72.1	.....	3.40
Private	45.4	49.4	+0.5	4.50
Intl. Ems. & Assets	52.5	57.1	.....	2.90
American	26.8	28.9	+0.1	2.20
Far East & Gen.	32.1	34.8	-0.4	1.30

Govett (John)♥
77 London Wall, EC2 01-588 5620

Stckhldr. Feb. 15	128.5	135.9	.....	3.17
Do. Accum. Unit	159.4	168.1	.....	3.17

Next dealing Feb. 15.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Barrington Feb. 13	259.6	271.3	.....	4.61
(Accum. Units)	300.0	313.5	.....	4.61

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	70.0	73.70	+2.15	3.81

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income Feb. 18	108.1	113.8	+3.8	8.76
General Feb. 18	74.2	78.2	+2.4	5.71
Intnl. Feb. 18	49.7	52.4	+2.2	3.07

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. Feb. 13	57.0	60.6	.....	5.72
Acc. Uts. Feb. 13	78.0	82.9	.....	5.72
Merc. Int. Feb. 13	77.4	82.3	.....	4.20
Acc. Uts. Feb. 13	87.0	92.6	.....	4.20
Merc. Ext. Jan. 24	265.7	276.8	.....	6.04
Accm. Units Jan. 24	332.4	346.2	.....	6.04

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	98.4	107.7	-2.9	3.44
Do. Accum.	119.9	131.2	-3.5	3.44
Overseas Growth	36.3	39.3	-0.9	2.27
Do. Accum.	40.6	43.9	-1.1	2.27
Capital	27.7	30.0	-0.9	4.87
Do. Accum.	32.0	34.6	-1.1	4.87
Income	54.7	59.1	-1.6	7.21
Do. Accum.	69.2	74.8	-2.2	7.21
North American	37.7	40.8	-0.9	2.54
Do. Accum.	41.3	44.7	-1.0	2.54
High Yield	61.6	66.6	-1.5	9.12
Do. Accum.	71.6	77.4	-1.7	9.12
Equity Exempt*	120.4	127.0	.....	5.39
Do. Accum.*	123.7	130.5	.....	5.39
Japan & Pacific	37.8	40.9	-0.6	0.95
Do. Accum.	38.0	41.2	-0.6	0.95

*Prices at Feb. 14. Next dealing Feb. 15.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster Feb. 11	38.0	40.0	.....	7.32
Exempt Jan. 31	99.9	103.9	.....	6.46

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222-8177

MLA Units	61.1	64.3	.....	3.30

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	64.8	69.0	.....	2.57

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	54.3	58.1	-0.5	7.54
Mutual Inc. Tst.	77.2	82.3	-0.5	7.87

Stewart Unit Tst. Managers Ltd.(a)
45 Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	62.5	65.9	-1.4	1.80
Accum. Units	62.7	72.4	-2.8	1.80
Withdrawal Units	44.7	47.1	-2.8	—
*Stewart British Capital Fund				
Standard	157.4	168.9	.....	4.80
Accum. Units	174.2	191.5	.....	6.80

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. Feb. 13	£270.3	284.60	.....	5.05
♥The Family Fd.	117.2	124.6	-0.4	4.45

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	67.2	72.4	.....	2.49
Financial	74.6	81.0	-2.1	4.41
Gilt Accum.	118.0	124.1	-0.3	3.50
Investment Trust	35.7	38.0	-0.4	4.03
Special Situations	23.4	[illegible]	-0.3	4.79
American Eagle	31.6	[illegible]	.....	1.80
Pacific Income	25.3	[illegible]	+0.4	2.39
Pacific Accum.	28.8	[illegible]	+0.3	2.39
Income	26.8	[illegible]	-0.5	10.54
Extra Income	55.9	60.[illegible]	-0.2	11.32
Preference Share	11.7	12.[illegible]	.....	13.39
Equity	40.9	44.[illegible]	-2.9	6.92
Growth	33.1	35.[illegible]	.....	4.75
Professional Feb. 13	182.4	[illegible]	.....	6.89
Thistle	41.2	44.[illegible]	-0.5	9.75
Eqty. Ex. Inc. Feb. 13	242.9	261.2	.....	6.51
Equity Ex. Accum.	359.3	386.3	.....	6.51

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Income & Growth	23.1	26.3	-0.1	3.98
Special Situations	28.2	29.6	-0.1	2.63

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT Feb. 1	54.7	58.3	.....	7.63

Transatlantic and Gen. Secs.♥ (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651

Barbican Feb. 14	81.7	85.0	.....	6.44
(Accum. Units)	137.8	146.5	.....	6.44
♦Barb. Expt. Jan. 30	71.5	73.5	.....	3.25
Buckm. Feb. 14	88.0	92.5	.....	5.62
(Accum. Units)	115.5	121.9	.....	5.62
Colemco Feb. 15	153.5	161.6	.....	6.30
(Accum. Units)	198.7	209.2	.....	6.30
Cumld. Feb. 13	56.5	60.3	.....	7.00
(Accum. Units)	66.8	71.3	.....	7.00
Field Intnl. Feb. 14	100.2	104.3	.....	3.00
(Accum. Units)	100.2	104.3	.....	3.00
Glen Feb. 12	60.6	64.3	.....	4.57
(Accum. Units)	81.5	86.4	.....	4.57

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CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
430	57	Coronation	585	−10	Q54c	2.2	8.0
680	132	Falcon Rh.50c	635	−10	Q100c	1.7	10.8
48	11	Rhod'n Corp. 16½p.	40	−1	0.56	6.5	2.0
267	70	Roan Cons. K4	250	−2	Q0.125	ϕ	3.0
67	25	Wankie Col. Rh.1	58	+5	Q9c	1.5	10.7
57	9	Zam.Cpr.SBD0.24	49	—	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
23	16	Acmex 50c	23	—	—	—	—
24	4	ACM 20c	20	—	—	—	—
115	50	Bond Corp.	112	—	Q3.75	2.2	1.7
234	100	Bougainville 50 Toea	217	−3	Q39½c	ϕ	9.5
265	84	BH South 50c	240	—	—	—	—
12	12	Canada Northwest	12	—	—	—	—
54	8	Carr Boyd 20c	41	+2	—	—	—
536	340	Central Pacific	523	−1	—	—	—
356	170	Conzinc Riotinto 50c.	322	−23	Q15c	ϕ	2.4
36	14	Cultus Pacific N.L.	22	—	—	—	—
50	15	Eagle Corp. 10c	40	—	—	—	—
26¼	11	Endeavour 20c	20½	−½	—	—	—
258	62	G. M. Kalgoorlie 25c	230	−6	†Q3c	—	0.7
340	138	Hampton Areas 5p.	320	—	3.5	2.8	1.6
75	20	Haoma Gold N.L.	35	—	—	—	—
72	25	Metals Ex. 50c	66	−2	—	—	—
314	134	M.I.M. Hldgs. 50c	292	−5	†Q36.1c	1.8	2.8
35	15	Minefields Expl.	35	—	—	—	—
135	30	Mount Lyell 25c	140	−4	—	—	—

[illegible]

TINS

[illegible]

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
230	56	Messina R0.50	220	−10	Q10c	ϕ	2.6

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
155	78½	Anglo-Dominion	148	+8	—	—	—
85	54	Barymin	26	+1	—	—	—
14½	10	Burma Mines 17½p	14½	—	—	—	—
502	170	Cons. Murch. 10c.	460	−12	Q100c	ϕ	11.7
585	260	Northgate C$1	490	+10	—	—	—
492	226	R.T.Z.	458	−2	†11.5	3.4	3.6
51	12	Robert Mines	20	+2	—	—	—
65	26	Sabina Inds. C$1.	56	−1	—	—	—
880	470	Tara Exptn. $1	637	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ϕ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- II No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	33	—
Bertam	35	—
Bdg'wtr. Est. 50p	353	—
Clover Croft	20	—
Craig & Rose £1	£22¼	—
Dyson (R. A.) A	15	—
Fife Forge	33	—
Finlay Pkg. 5p	19	—
Graig Ship. £1	£12½	+¼
Higsons Brew.	60	—
Holt (Jos) 25p	355	—
I.O.M. Stm. £1	158xd	—
Pearce (C. H.)	365	—
[illegible]		

IRISH

Conv. 9% '80/82	£95¾xd	—
Nat. 9¾% 84/89	£72¾	—
Fin. 13% 97/02	£87¼	+¼
Alliance Gas	55	—
Arnott	300	—
Carroll (P.J.)	54	—
Clondalkin	105	—
Concrete Prods.	90	—
Heiton (Hldgs.)	39	—
Ins. Corp.	200	—
Irish Ropes	95	—
[illegible]		

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday February 19 1980

Japanese deficit hits $3.24bn

BY RICHARD C. HANSON IN TOKYO

JAPAN EXPERIENCED the worst monthly current account deficit in its history in January, according to preliminary figures released by the Ministry of Finance yesterday.

An analysis of the figures, which allows for seasonal factors, suggests, however, that the corner may have been turned at last.

The unadjusted current account deficit last month soared to $3.24bn (£1.41bn), topping the previous record high set in November at $2.?bn.

But when seasonal factors are taken into account, the deficit appears to have been shrinking since November. The adjusted January deficit was $1.1bn compared with $1.7bn three months ago.

The best indication of a shift in Japan's payments trends can be found in the export performance figures for last month (traditionally a poor month for exports because of long holidays and low demand). While the value of imports rose by 33 per cent, compare with the figure for January, 1979, the volume was down 6.8 per cent.

In contrast to the shrinking trend in imports, export volume increased 12 per cent over the previous year's level. This represented a 15 per cent rise in the value of exports.

Export growth in December had regained a double digit annual rate (at 11.9 per cent) for the first time in more than a year. Exports are much stronger now largely because the sharp fall in the value of yen against the dollar last year made Japanese goods much more competitive.

Japan's improved export performance is already proving to be a major point of controversy with its trading partners. In value terms, motor vehicle exports (particularly to the U.S.) were up 39 per cent, steel rose 34 per cent, and chemical products gained 52 per cent.

If present trends continue, Japan may find itself once again embroiled in the type of trade disputes which flared regularly until just two years ago.

However, Japan's normally positive trade balance with the advanced industrial world as a whole swung into deficit last month. This was due mainly to the heavy deficits with raw material exporters like Australia, Canada, and South Africa.

Last month was also the first since last August in which Japan enjoyed an inflow in long-term capital. The long-term account was in surplus by $900m, a new monthly record inflow.

The surplus reflects both a sudden drop in the amount of Japanese investment (and lending) abroad, and an equally rapid rise in foreign investment to Japan, mostly in bonds.

The foreign inflow amounted to $1.35bn compared with a Japanese outflow of $450m.

The heavy deficits in trade and invisibles for the month ($2.25bn for trade before seasonal adjustments, compared with a December surplus of $731m), however, left the overall balance of payments in January in the red by $2.2bn.

Japanese discount rate rises, Page 4

Hungary to raise $250m Eurocredit

BY PETER MONTAGNON

HUNGARY is to raise a $250m Eurocredit through a U.S. bank. In spite of cooling East-West relations after the Soviet invasion of Afghanistan, it has obtained what international bankers describe as very generous terms.

Manufacturers Hanover confirmed in London yesterday it had been authorised by the National Bank of Hungary, the country's central bank, to manage the seven-year loan, which is the first significant test of the market by a Comecon borrower since the Soviet invasion.

Terms were not officially disclosed, but the deal is understood to carry interest at ½ per cent over U.S. prime rate for five years, then rising to ⅝ per cent.

The margins over prime rate are basically unchanged on those awarded the same borrower for a $400m credit last June. The only difference is that the maturity of the present loan is about six months shorter.

With such favourable terms, the progress of the loan is likely to be monitored closely in the Euromarkets, especially since participation in deals with Comecon countries has become a delicate political issue.

While some banks have become increasingly reluctant to take on such business, others are determined to keep a presence in the market, especially for highly rated borrowers such as Hungary.

The deal shows there has been no wholesale revision of Eastern Europe's credit standing in the West, although bankers say there is an increasing tendency to differentiate between individual borrowers.

This loan in particular should be helped by the use of prime rate as a yardstick for calculating interest payments, rather than the more usual London interbank rate for Eurodollars.

Prime rate makes the loan more attractive to large U.S. banks, which can borrow at below prime rate in America. They may then be able to increase the return allowed for by the basic margin.

Business as usual for Salzgitter, in USSR, Page 5

THE LEX COLUMN

Dearer money for Japan

The one-point rise in the Bank of Japan's discount rate to 7¼ per cent—probably triggered off by the higher Federal Reserve discount rate, but long expected—seems to have two main purposes. Apart from taking pressure off the yen, it is designed to keep a step ahead of Japan's accelerating consumer price inflation—at least for a little while.

Corporate loan demand is fairly slack at the moment, but companies have increasingly been running down cash balances in order to stockpile raw materials, and, to some extent, finished goods. This inventory speculation is a contributory factor to the country's current payments deficit and recalls the inflationary scramble of 1974/75 in a way that the authorities must want to discourage.

As for the yen, the immediate reaction was a drop from 243 to 245 to the dollar, although it recovered a little ground later to close at 244.7. The interest rate differential between yen and eurodollars is little changed after yesterday's rise in dollar deposit rates, and although many Japanese bankers are expecting a further point on the discount rate before long, this in itself is unlikely to prevent weakness in a currency which has become a speculative counter related to the oil price. Direct steps on trade financing would probably be needed to promote capital flows into the yen if it went over 250 to the dollar again.

Japan's current account deficit reached $3.24bn in January, a figure in which the higher oil bill masks a very strong performance by the export sectors of the economy. In yen terms, exports are nearly 40 per cent above January, 1979 levels; the Japanese exporter can probably cope with a dollar at Y220, but begins to run into trouble much beyond that. The authorities' present target range is probably around 230/240.

Meanwhile, the Tokyo bond

Index rose 0.4 to 463.0

market is very groggy—the 10-year paper placed by the Government with the banks at par last year is changing hands at 84 in the secondary market, in anticipation of further tightening of credit. Fears of higher interest rates are not restricted to Tokyo: the German primary market has become difficult, and yesterday the Euro-dollar bond market was signalling that the sell-off in U.S. bonds is not over yet.

Nottingham Manfg.

With the strong pound, high interest rates and cheap imports forcing the Government to introduce new textile quotas yesterday, Nottingham Manufacturing's achievement in pushing up pre-tax profits from £15.4m to £16.8m in 1979 is impressive; particularly when it had been feared that the group, as a major knitwear supplier, would have been badly hit by Marks and Spencer's price cutting initiative last summer, in which suppliers were "invited" to play their part. The share price rose 6p yesterday to 85p.

Nevertheless, the pressures have shown through in the second half in terms both of margins and lower output growth. Trading profits were down slightly in the second half against the same period in 1978 and trading margins were squeezed by about a tenth. The deterioration has been spread evenly across the group's products. However, there are indications from the low level of NM's year-end stocks that the Marks and Spencer initiative has succeeded in pushing up sales volume. Inventories have barely risen in money terms in spite of the acceleration in inflation.

NM's substantial — and still rising — net cash and investments are a positive advantage at a time of high interest rates. So the squeeze on real profitability in this efficient company carries grim implications for forthcoming results from the rest of the textile sector. NM's yield is 6.5 per cent, almost identical to the average for the FT-Actuaries Industrial Group.

The fully-taxed p/e of about 7 also has more in common with the average run of industrial companies than those of other textile concerns.

Unveiling

Hidden assets at merchant banks are not quite so glamorous as they used to be. Last year Schroders pulled £5m out of inner reserves to bring disclosed capital resources "more into line" with a larger banking business, and now Baring Brothers has also brought £5m (proportionately a much larger sum in its case) out from the inner darkness to bolster its published capital by a quarter.

With banking becoming such an international business, the gentlemanly appeal of London's accepting houses is counting for a good deal less than it used to. Thus Baring has moved into the U.S. — it has set up Baring Brothers Inc. and bought an investment management house in Boston — so there is on the face of it a need to put more obvious muscle into the balance sheet.

This is not the first such transfer (others were made in 1975 and 1977) but it is easily the largest. Baring's next task could be to explain to its new American friends why it is thought sensible to retain profits in hidden reserves and then regularly let them out again. The answer is simply that the bank, controlled by the Baring Foundation and with no stock market listing for the Ordinary shares, takes full advantage of Companies Act exemptions.

U.S. and Iran agree on UN investigation

By Our Foreign Staff

THE UNITED NATIONS Commission to investigate allegations against the deposed Shah of Iran—a key element in the package under negotiation for the release of the 50 U.S. hostages in Tehran—was finally approved yesterday.

The UN said both Iran and the U.S. had agreed on the composition of the five-member commission. It marked an important step forward in attempts to end the crisis over the hostages, who have been in captivity for 107 days.

Dr. Kurt Waldheim, UN Secretary General, was said to be working on some "purely technical aspects" of the establishment of the commission.

In a related development, the U.S. shelved plans to send lawyers to the International Court of Justice in the Hague to argue its case against the detention of the hostages, according to unconfirmed reports.

This was interpreted as a move aimed at not inflaming the situation at a delicate time.

In spite of the encouraging developments, it is clear that a great deal of behind-the-scenes bargaining is going on.

President Abolhassan Bani-Sadr, of Iran, in a broadcast on Tehran radio, yesterday appeared to be imposing tough conditions. He repeated his view that condemnation of the deposed Shah and of past U.S. policies towards Iran would not be sufficient to ensure the release of the hostages. Mr. Bani-Sadr insisted on three conditions: first, an admission that the U.S. had interferred in Iran's internal affairs during the Shah's reign; second, a pledge to refrain from any such interference in future; and third, a promise not to block efforts by the Iranian Government to ensure the extradition of the Shah and the recovery of the Shah's fortune.

According to diplomats at the UN, the five-man commission could include: M. Louis-Edmond Pettiti, a French judge of the European Court of Human Rights; Mr. Mohammed Bedjaoui, the Algerian Ambassador to the UN; Mr. Andres Aguilar Mawdsley, an experienced Venezuelan diplomat and jurist; Mr. Adib Daoudi, a key political adviser to Syrian President Hafez Assad; and Mr. Harry Jayewardene, of Sri Lanka, a well-known expert on international law.

Shell and Esso increase petrol prices today

BY SUE CAMERON AND RAY DAFTER

SHELL AND ESSO, the two market leaders in UK oil products, are putting up the wholesale prices of their petrol today. The other major oil companies are expected to follow suit within the next few days.

Shell's price to garages has risen by 3.5p a gallon and Esso's by 2.6p. But in many cases, according to the oil companies, motorists may escape the full brunt of the increases because of a price war at the pumps.

Heating oil prices have also been raised.

Shell said it had been forced to put up prices for the second time in five weeks because of further rises in the price of crude oil. North Sea crude went up by $4 a barrel—backdated to February 4—to $33.75. Shell takes about 50 per cent of its UK oil supplies from the North Sea. A further 40 per cent comes from Kuwait, which has increased its crude prices by $2 a barrel to $27.50, backdated to January 1.

Esso, which takes 50 per cent of its UK crude from the North Sea, with about 45 per cent coming from Saudi Arabia, also said it was raising prices because of crude price increases in North Sea and Organisation of Petroleum Exporting Countries.

A wholesale increase of 3.5p a gallon would normally add about 4p to pump prices while a wholesale rise of 2.6p would mean an extra 3p. But because of the price war many garages would raise their prices by only 2p or 3p, said Shell.

The group, which estimates that most retailers are working on an average margin of about 10p a gallon, said there was plenty of petrol available, which was encouraging fiercer competition between dealers—a point also made by Esso.

But the Motor Agents Association accused the companies of "hypocrisy" for suggesting that retailers should absorb part of their price increases at a time when the groups were making "massive profits" from their downstream operations.

It said retailers in other fields would be "most unhappy" if they had to work on the 10 per cent margins at which most petrol dealers operated. It agreed that dealers were obtaining about 10p a gallon on petrol sales but stressed that the oil companies did not give credit. Nearly all petrol sales to dealers were on a direct debit basis and this meant garages were having to "bear a heavy burden" in terms of high interest charges.

Shell and Esso have both put up the prices of their heating oils by between 3.2p and 4.09p a gallon, but neither has raised the price of heavy fuel oil. Shell has about 30 per cent of the heavy fuel oil market and Esso about 20 per cent.

British National Oil Corporation and other major UK producers have fixed North Sea oil prices at between $33 and $34 a barrel—depending on the quality of various crudes. The $4 a barrel rise is being backdated to February 4, the date when Algeria and Nigeria introduced increases.

Forties Field oil, which is used as a pricing marker, is costing $33.75 a barrel, in line with competitive African oil.

The new North Sea oil prices have been settled following negotiations between BNOC and other UK producers. Virtually all the companies have agreed on the new levels although a small number of independent companies want higher rates.

BP to buy 50% stake in coalfield

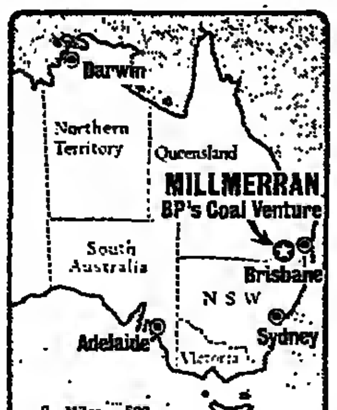
BY JAMES FORTH IN SYDNEY

BP'S RAPID diversification into the international coal industry quickened yesterday with the announcement that it has agreed to buy a 50 per cent stake in a huge low-grade coal deposit in Queensland.

Subject to the approval of the Australian Foreign Investment Review Board, BP Australia is to buy Millmerran Coal, which is owned by two Australian businessmen, for an undisclosed price.

Millmerran Coal has a half share of the Millmerran coal venture, 180 km from Brisbane. The deposit is estimated to contain 1.6bn tonnes of reserves, with prospects for conversion to oil for blending as feedstock to be used in steel mills or for export as power station fuel.

The other half of the deposit is owned by Amax, the diversified U.S. minerals group, with



43.75 per cent, and Mitsui of Japan with 6.25 per cent.

BP's main immediate interest, seems to lie in using Millmerran to build up its stock of coal reserves. Plans for the deposit are tied to whether the Queensland Government's plans for power generation will involve Millmerran.

The future of the deposit under the ownership of BP, Amax and Mitsui is, in any case, unclear. If BP's agreement to purchase Millmerran Coal is officially approved, the venture would be wholly foreign owned. The partners would need to seek at least 50 per cent Australian participation if the project reaches the development stage.

BP's move for Millmerran Coal follows its purchase of Clutha Development, one of the leading Australian coal producers, the establishment of links with Oakbridge, another Australian coal producer, and a build up of coal stakes in South Africa and Canada.

Weather

UK TODAY

RAIN SPREADING slowly from West; remaining bright in East.

London, S.E. and E. England, E. Anglia

Mainly dry, bright periods, mild. Max. 8 to 10 C (46 to 50F).

Channel Isles, Cent. S. England, Midlands, Cent. N. and N.E. England

Cloudy, some rain. Max. 8 to 10C (46 to 50F).

S.W. and N.W. England, Wales, Lakes

Rain, fog. Max. 10 to 12C (50 to 54F).

I. of Man, Borders, Edinburgh, Dundee, S.W. Scotland

Rain, bright intervals. Max. 6 to 8C (43 to 46F).

Aberdeen, Moray, N. Scotland, Orkney, Shetland

Cloudy, fog, rain, brighter later. Max. 6 to 8C (43 to 46F).

Cent. Highlands, Argyll, N. Ireland

Rain, bright intervals. Max. 6 to 8C (43 to 46F).

Outlook: Rain, bright intervals: colder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	Locarno	S	9	48
Algiers	S	26	81	London	F	8	46
Amsdm.	C	4	39	Luxmbg.	F	5	41
Athens	C	10	50	Luxor	F	21	70
Bahrain	S	21	70	Madrid	F	12	54
Barclna.	F	14	57	Majorca	S	15	59
Belfast	R	9	48	Malaga	C	16	61
Belgrd.	Sn	1	34	Malta	F	15	59
Berlin	R	0	32	M'chstr	C	9	48
Biarritz	S	15	59	Melbne.	S	22	72
Bmghm.	F	9	48	Mex. C.	S	22	72
Blackpl.	R	7	45	Milan	S	8	46
Bordx	S	12	54	Mntreal	S	−5	23
Boulgn.	F	9	48	Moscow	S	−8	18
Bristol	C	9	48	Munich	C	3	37
Brussels	C	10	50	Nairobi	S	25	77
Budpst.	C	3	37	Naples	F	12	54
B. Aires	S	28	82	Nwcstl.	C	6	43
Cairo	S	18	64	N York	S	−3	27
Cardiff	C	8	46	Nice	S	14	57
Cas'b'ca	F	16	61	Nicosia	C	15	59
Cape T.	S	22	72	Oporto	R	11	52
Chicago	S	−2	28	Oslo	C	−3	27
Cologne	F	7	45	Paris	S	10	50
Cpnhgn.	C	−2	28	Perth	Th	30	86
Corfu	F	14	57	Prague	C	0	32
Dublin	C	9	48	Reykjvk.	S	3	37
Dbrvnk.	S	12	54	Rhodes	S	13	55
Ednbgh.	C	7	45	Rio J'o	C	29	84
Faro	C	16	61	Rome	S	15	59
Florence	F	12	54	Salzbrg.	C	3	37
Frankft.	C	6	43	Singapr.	S	29	84
Funchal	F	16	61	Stckhm.	S	2	36
Geneva	F	4	39	Strasbg.	S	8	46
Gibrltr.	C	15	59	Sydney	C	27	81
Glasgow	F	7	45	Tangier	F	18	64
G'rnsey	F	8	46	Tehran	S	5	41
Helsinki	Sn	−5	23	Tel Aviv	C	15	59
H. Kong	S	21	70	Tenerife	R	13	55
Innsbrk.	F	5	41	Tokyo	S	8	46
Invrnss.	R	9	48	Toronto	S	−9	16
I. o Man	C	8	46	Tunis	R	12	54
Istanbul	C	4	39	Valencia	F	14	57
Jersey	F	7	45	Venice	F	7	45
Jo'burg	C	19	66	Vienna	Sn	1	34
L. Pims.	S	22	72	Warsaw	Sn	0	32
Lisbon	R	13	55	Zurich	C	3	37

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. Th—Thunder.

Continued from Page 1

Pressure for shake-up

chief executive, said last night that no new pay offer by the corporation was in prospect.

However he did not rule out the possibility of the £450m cash limits imposed upon BSC by the Government for 1980-81 being used in a rather more flexible way than the strict criteria originally set out by Sir Keith.

Dr. David Grieves, BSC personnel director, said that if the unions accepted the package at present on offer most steelworkers could expect to receive actual rises of between 18 per cent and 21 per cent.

In addition to the basic increase offered of 10 per cent there is 4.4 per cent in the form of a guaranteed minimum payment for all participants in local schemes, a further 4.4 per cent stemming from local productivity schemes and payable each quarter, and a small further percentage from plant productivity bargaining.

The leaders of the Steel Industry Management Association, representing middle managers, who have said they have no confidence in the corporation's top management, have been warned that up to 20 per cent of their member's jobs will be likely to be abolished if the corporation pushes through its plans.

There are about 11,500 members of the association working for the corporation. About 10,000 of them are in the middle management grades where the BSC believes there is a good deal of room for pruning.

Mr. Robert Muir, the association's general secretary, said on BBC radio that the decision to impose immediately a "violently different business management strategy" on BSC had been a dreadful error. "Human nature can't stomach it," he said.

The association's national council passed a motion at the end of last week that it had no confidence "in the competence of the board to restore BSC to profitability."

The renewal of contacts between BSC negotiators and the two strike leaders at the weekend, to be followed by further exploratory talks on Friday, is a hopeful sign. But the known position of the two sides do not suggest that an early settlement is in sight.

Meanwhile it emerged yesterday that the Government is looking in the U.S. for a successor to Sir Charles Villiers, whose contract expires in the autumn.

Nevertheless, as Mrs. Margaret Thatcher has said in Parliament, the Government supports BSC plans for decentralising and possibly selling off parts of the state steel industry.

Ministers see no reason why there should not be a larger private sector — perhaps even under one ownership — competing with the rump of the BSC and using works like Consett in County Durham, that the BSC wants to close because they do not fit its strategy.

Continued from Page 1

Dunbee

York toy fair opened last week. We tried very hard but it was just not possible."

The failure of the deals is a serious blow to Dunbee. When the announcements were made last December Mr. Richard Beecham, Dunbee's joint managing director, said: "It means we have got rid of our cancer and the remaining activities should now be profitable."

He emphasised at the time that only letters of intent had been signed, and that the agreements still had to be approved by the main boards of the companies involved.

Dunbee's problems across the Atlantic come at a time when there are plans to close the French toy operation, dispose of two loss-makers in the Do-It-Yourself division and sell a warehouse in Holland. The company has also proposed the flotation, through an offer for sale by tender, of its DIY and industrial division.

Dunbee's was formerly one of Britain's top growth companies. From 1968 to 1977 it was one of the ten fastest growing quoted companies in terms of profits.

However, after moving into the U.S. in 1977 profits slumped from £6.4m to less than £1m in 1978, and for the first half of 1979 there was a loss of £5.12m.

Timetable eased for NEB sales

By John Elliott, Industrial Editor

THE NATIONAL Enterprise Board will prepare plans soon for selling its assets in Ferranti, Brown Boveri Kent and Fairey later this year.

This follows an announcement yesterday that the Government is no longer insisting that the sales should take place by the end of next month to provide a total of £100m towards the Treasury's target of selling £1bn of various State assets.

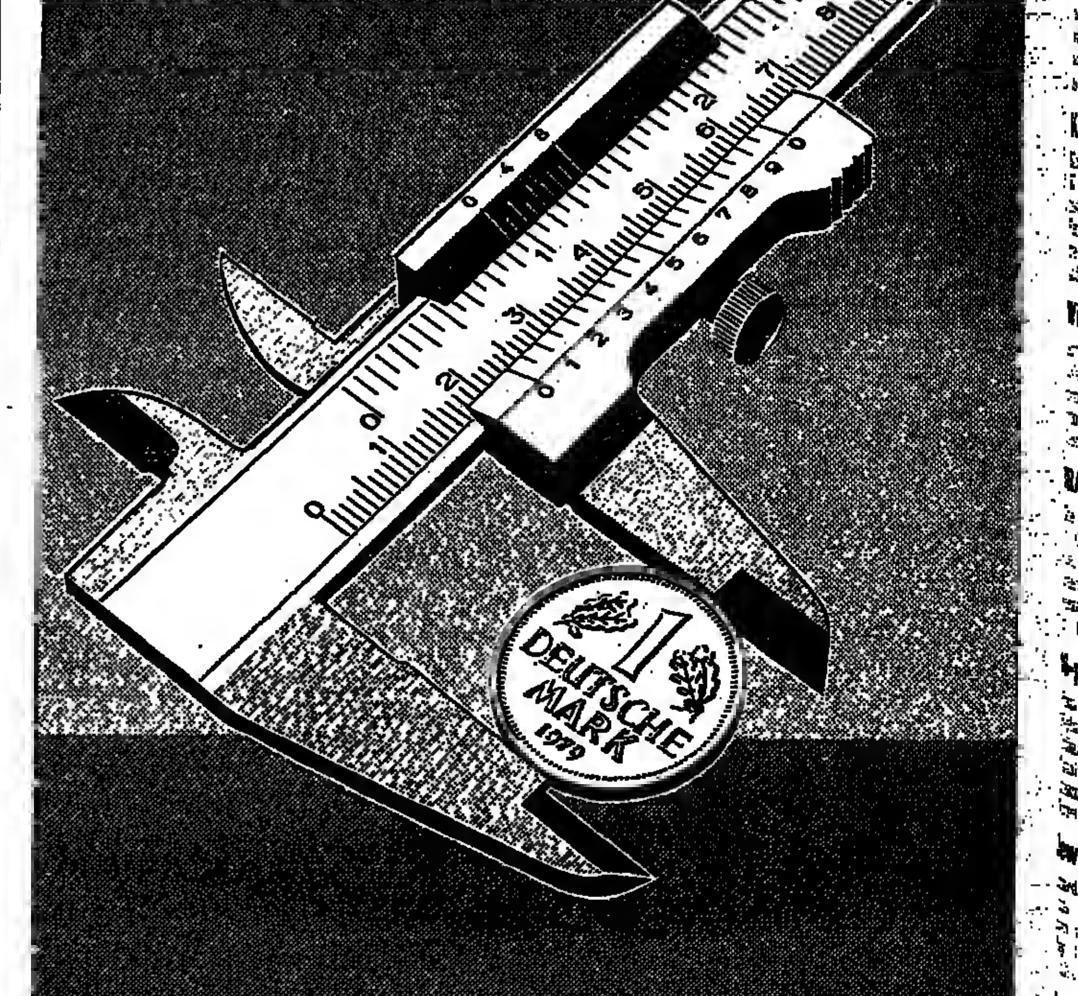
Lord Trenchard, Minister of State for Industry, said in the Lords that there was "no longer the same pressing need for the NEB to provide £100m from disposals in the current year."

This is a victory for Sir Arthur Knight, the new chairman of the NEB, who has been arguing that the board should not be forced to make the sales within a stated period.

The sales are now likely to take place before the end of the year. But they are not expected to start before the Industry Bill becomes law in a month or two, unless the fortunes of one of the companies suddenly changes.

As a result the NEB will only be contributing £38m—which it raised by selling its stake in ICL just before Christmas—towards the Government's £1bn assets sale.

Parliament, Page 9



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